RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT
REGULAR MEETING OF THE
BOARD OF DIRECTORS

November 15, 2021 (6:30 p.m.)
Visitor's / Depot Center
6730 Front Street
Rio Linda, CA 95673

THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC WITH SOME REASONABLE LIMITATIONS PURSUANT TO CURRENT STATE AND COUNTY GUIDELINES. ALL IN-PERSON ATTENDEES ARE REQUIRED TO WEAR MASKS PURSUANT TO THE SACRAMENTO COUNTY PUBLIC HEALTH ORDER.

Our Mission is to provide a safe and reliable water supply in a cost-effective manner.

AGENDA

The Board may discuss and take action on any item listed on this agenda, including items listed as information items. The Board may also listen to the other items that do not appear on this agenda, but the Board will not discuss or take action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. The Board may address any item(s) in any order as approved by the Board.

The public will be given the opportunity to directly address the Board on each listed item during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the District office at (916) 991-1000. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. **CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE**

2. **PUBLIC COMMENT**
   - **2.1.** Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160).

3. **CONSENT CALENDAR (Action items: Approve Consent Calendar Items)**

   3.1. Minutes
   The Board is being asked to approve the Minutes from the October 18, 2021 Regular Board Meeting.

   3.2. Expenditures
   The Executive Committee recommends the Board approve the September 2021 Expenditures.

   3.3. Financial Reports
   The Executive Committee recommends the Board approve the September 2021 Financial Report.

REGULAR CALENDAR

4. **ITEMS FOR DISCUSSION AND ACTION**
   - **4.1. GM Report.**
     - 4.1.1. The General Manager, Tim Shaw will provide his monthly report to the Board of Directors.

4.2. District Engineer's Report.

4.2.1. The Contract District Engineer will provide his monthly report to the Board of Directors.

4.3. Consider Accepting Fiscal Year Ending June 30, 2021 Independent Auditor Report.

4.4. Discuss the State Water Resources Control Board (SWRCB) Arrearages Funding Restrictions.

4.5. Consider authorizing engagement with a professional services provider for preparation

4.6. Authorize any New Board Member Assignments (committees and other) Proposed by the Chair Pursuant to District Policy 2.01.065.

4.6.1. Sacramento Groundwater Authority Holiday Social

5. INFORMATION ITEMS

5.1. District Activities Reports

5.1.1. Water Operations Report

5.1.2. Leak Repair Status Report

5.1.3. Completed and Pending Items Report

5.1.4. Conservation Report

5.1.5. Downey Brand LLC Article on Vacaville Hexavalent Chromium RCRA Ruling

5.1.6. Sacramento Regional Utilities Collaboration Study Phase 3 Report.

5.2. Board Member Reports

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

5.2.2. Sacramento Groundwater Authority – Harris (primary), Reisig

5.2.3. Executive Committee – Jason Green, Robert Reisig

5.2.4. ACWA/JPIA – Ridilla

5.2.5. Sacramento County LAFCo, Special Districts Advisory Committee – Reisig

5.2.6. MOU Renewal Negotiating Ad Hoc – John Ridilla, Robert Reisig

6. DIRECTORS' AND GENERAL MANAGER COMMENTS

7. ADJOURNMENT

Upcoming meetings:

Executive Committee
December 6, 2021, Monday, 6:00 pm Visitors / Depot Center, 6730 Front St. Rio Linda, CA

Board Meeting
December 20, 2021, Monday, 6:30 pm Visitors / Depot Center, 6730 Front St Rio Linda, CA.

Consent Calendar
Agenda Item: 3.1

Date: November 15, 2021

Subject: Minutes

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

N/A -Minutes of Board meetings are not reviewed by committees.

Current Background and Justification:

These minutes are to be reviewed and approved by the Board of Directors.

Conclusion:

I recommend the Board review and approve (as appropriate) the minutes of meetings provided with your Board packets.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Jason Green_____Gifford____Reisig____.

(A) **Yea (N) Nay (Ab) Abs**tain **(Abs) Abs**ent

MINUTES OF THE OCTOBER 18, 2021
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

1. CALL TO ORDER, ROLL CALL

The October 18, 2021 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. Visitor's Depot Center 6730 Front Street, Rio Linda, CA 95673. This meeting will be physically open to the public with some reasonable limitations pursuant to current state and county guidelines. all in-person attendees are required to wear masks pursuant to the Sacramento County public health order and the federal Americans with disabilities act. President Harris led the pledge of allegiance.

General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director Robert Reisig, Director Mary Harris, Director John Ridilla, Director Chris Gifford and General Manager Tim Shaw, Legal Counsel were present.

2. PUBLIC COMMENT

No Public comment.

3. CONSENT CALENDAR

3.1 Minutes – September 20, 2021 Meetings
3.2 August Expenditures
3.3 August Financial Reports

No public comment.

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

REGULAR CALENDAR
4. ITEMS FOR DISCUSSION AND ACTION

4.1 General Manager's Report

The General Manager presented his monthly report and offered to answer any questions the Board may have.

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 and offered to answer questions. The report highlighted topics of General Engineering, Active Development Reviews, Well 16 Pumping Station Construction Project, and 2020 Urban Water Management Plan Request for Proposals.

Comments/Questions – No public Comment.
The Board made no action on this item.

4.3 Consider approving the standardized contract with Rawles Engineering Inc. for annual pipeline replacement project.

Four proposals were received by the District on 6/3/2021 from Anvil Builders, Inc., Rawles, Engineering, Inc., North Star Construction and Engineering, Inc., and C.E. Cox Engineering, Inc. Anvil Builder's Inc. was deemed the most qualified respondent, but negotiations with them were unsuccessful. Staff then commenced negotiations with the second most qualified respondent, Rawles Engineering, Inc. at the direction of the Executive Committee. These negotiations resulted in a pipe replacement project that most efficiently utilizes the District's budget and installs the most amount of pipeline and a reasonable cost. It is recommended that the District award the contract to Rawles Engineering, Inc., to install approximately 1,500 feet of 8-inch diameter ductile iron water main pipeline on Dry Creek Road, 19 water services, and appurtenances. The proposed project would commence at U Street and run south approximately 1,500 feet along Dry Creek Road.

The current, temporary in-house staffing limitations prevent the potential of the District's Operations Staff to assist with construction, therefore the entirety of the pipe replacement project is proposed to be constructed by Rawles Engineering, Inc.

The proposed contract amount to be awarded to Rawles Engineering, Inc. is $449,343.75. Annual pipe replacement project Capital Improvement Program (CIP) budgets for fiscal years 2020/2021 and 2021/2022 in the amount of $422,400 will be utilized for this project, along with an additional budgeted amount of $28,000, and an allocated interest amount of $114, for a grand total of $450,514.

It is recommended to award the contract now to Rawles Engineering, Inc., but wait to issue the Notice to Proceed with construction notice until Spring 2022 to allow for procurement of an encroachment permit from Sacramento County and for weather and regulatory requirements during the defined rainy season (Storm Water Pollution Prevention Plan or SWPPP). In addition, asphalt paving and roadway slurry seal requirements are also weather dependent.

Comments/Questions – No public Comment.

It was moved by Director Harris and seconded by Director Ridilla to approve the standardized contract with Rawles Engineering, Inc. for construction of the annual pipe replacement project, and further direct staff to execute all documents necessary to award and construct the project. Directors Green, Reisig, Harris, Ridilla and Gifford voted yes. The motion carried with a vote of 5-0-0.

4.4 Consider ratifying the addendum from Continental Utility Systems Inc. (CUSI, billing software services provider) for the rate restructuring modifications.

The Board approved the rate restructuring at the August 16, 2021 public hearing. Prior to that action, staff has been coordinating with the billing software (CUSI) for implementing the changes to the rate structure once approved by the Board. The coordination was protracted by the unanticipated postponement of the June 21, 2021 public hearing. Consequently, CUSI corresponded to indicate they would suspend the transition until authorized by the Board.

After the August 16th public hearing staff notified CUSI that the Board approved the rate restructuring and the effective date for the new rate structure is established to be on or after September 15, 2021.

Today (9-23-2021) I received a forwarded email and attachment that indicated CUSI requires the District sign another agreement before CUSI will implement the new rate structure. This type of last-minute, "oh, by the way" notice has been exercised by CUSI before and the District has expressed its disappointment for such practice.

In consideration of the foreseeable consequences for delaying rates restructuring until after the Board meets at its next regular meeting on October 18,2021, the General Manager has signed the agreement and ask the Board to ratify his actions at the October 18, 2021 Board meeting.

Comments/Questions – No public Comment.

It was moved by Director Ridlla and seconded by Director Green to ratify the addendum with Continental Utility Systems Inc. (CUSI) require for modifying the billing software rate structure. Directors Green, Reisig, Harris, Ridilla and Gifford voted yes. The motion carried with a vote of 5-0-0

4.5 Consider approving an addendum to the General Manager's Employment Agreement.

The Employment Agreement for the General Manager stipulates that the Board may consider a merit raise following a Board finding of satisfactory performance in the Board's annual performance review of the General Manager. Last year, although the Board found the General Manager's performance to be satisfactory, both parties mutually agreed to forego a merit increase in consideration of the economic impacts of the pandemic. Further stipulating that foregoing the merit increase was not at all reflective of the General Manager's performance.

This year following the Board's performance review, the Board has provided direction to the General Manager for preparing an addendum to the Employment Agreement. The change delineated in the draft addendum is simple and unambiguous. Accordingly, it is not anticipated that the Board will need closed session to debate and/or negotiate to reach agreement.

The current Employment Agreement stipulates the General Manager is to receive 1% of base pay paid by the District for the General Manager's 457 deferred compensation plan. The proposed addendum increases the District contribution from 1% to 3%.

Director Harris and Legal Counsel discussed the agenda item.

Public member Mrs. Suela questioned the cap towards the 457 deferred compensation plan.

It was moved by Director Ridilla and seconded by Director Gifford to approve the addendum of 1% to 3% contribution to the GM 457 compensation plan in the General Manager's Employment Agreement. Directors Green, Reisig, Harris, Ridilla and Gifford voted yes. The motion carried with a vote of 5 -0-0.

4.6. Consider voting in the Sacramento LAFCo elections.
LAFCo ballot A – Ted Costa, Michael Hanson, and Gay Jones
LAFCo ballot B – Michael Hanson and Charlea Moore

Comments/Questions – Public member Mrs. Suela made a comment.

It was moved by Director Harris and seconded by Director Ridilla to vote for Ted Costa and Charlea Moore on the LAFCo ballot. Directors Green, Reisig, Harris, Ridilla and Gifford voted yes. The motion carried with a vote of 5 -0-0

4.7. Authorize any New Board Member Assignments (committees and other) Proposed by the Chair Pursuant to District Policy 2.01.065

During the SGA meeting, reassignment of the officers was asked of Director Harris and Director Reisig of the 3x3 committee.

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

5. INFORMATION ITEMS

5.1. DISTRICT ACTIVITY REPORT

5.1.1. Water Operations – Written Report provided.
5.1.2. Leak Repair Status Report – Written Report Provided.
5.1.3. Completed and Pending Items Report- Report provided.
5.1.4. SWRCB Notice for Arrearages Funding Workshop-Agenda Provided.
5.1.5. Water Forum Coequal Objectives Email

5.2. BOARD REPORTS

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065
5.2.2. Sacramento Groundwater Authority – Harris, Reisig. – Agenda Provided.
5.2.3. Executive Committee – Green, Reisig - Minutes provided.
5.2.4. ACWA/JPIA – Ridilla –No meeting.
5.2.5 LAFCo Special District Advisory Committee – Reisig –No. meeting.
5.2.6 MOU Renewal Negotiating Ad Hoc – John Ridilla, Robert Reisig - GM Shaw reported there have been several meetings and it is on going.

6. DIRECTORS' AND GENERAL MANAGER COMMENTS – None

7. ADJOURNMENT President Green adjourned the meeting at 7:33 p.m.

Respectfully submitted,

Timothy R. Shaw, Secretary

Jason Green, President of the Board

Consent Calendar
Agenda Item: 3.2

Date: November 15, 2021

Subject: Expenditures

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee recommends approval of the Expenditures for the month of September 2021.

Current Background and Justification:

These expenditures have been completed since the last regular meeting of the Board of Directors.

Conclusion:

I recommend the Board approve the Expenditures for September 2021.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____Harris:_____ Jason Green _____Gifford_____Reisig____.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Accrual Basis

Rio Linda Elverta Community Water District
Expenditure Report
September 2021

Type	Date	Num	Name	Memo	Amount
Liability Check	09/08/2021	EFT	QuickBooks Payroll Service	For PP Ending 09/4/21 Pay date 09/9/21	16,397.90
Liability Check	09/09/2021	EFT	CalPERS	For PP Ending 09/4/21 Pay date 09/9/21	2,715.59
Liability Check	09/09/2021	EFT	CalPERS	For PP Ending 09/4/21 Pay date 09/9/21	1,110.54
Liability Check	09/09/2021	EFT	Internal Revenue Service	Employment Taxes	6,486.44
Liability Check	09/09/2021	EFT	Employment Development	Employment Taxes	1,374.40
Liability Check	09/09/2021	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,965.58
Bill Pmt -Check	09/09/2021	EFT	Adept Solutions	Computer Maintenance	1,208.00
Bill Pmt -Check	09/09/2021	EFT	Comcast	Phone/Internet	274.75
Bill Pmt -Check	09/09/2021	EFT	Republic Services	Utilities	91.62
Bill Pmt -Check	09/09/2021	EFT	Umpqua Bank Credit Card	Backflow, Computer, Construction Eq Maint, Office,Postage, Shop Supplies	1,825.45
Check	09/09/2021	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,775.00
Bill Pmt -Check	09/09/2021	1847	ABS Direct	Printing & Postage	249.86
Bill Pmt -Check	09/09/2021	1848	ACWA/JPIA Powers Insurance Authority	EAP	25.70
Bill Pmt -Check	09/09/2021	1849	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	09/09/2021	1850	Ferguson Enterprises	Annual Maintenance Agreement Fee	11,245.00
Bill Pmt -Check	09/09/2021	1851	Henrici, Mary	Retiree Medical	900.00
Bill Pmt -Check	09/09/2021	1852	ICONIX Waterworks	Distribution Supplies	624.33
Bill Pmt -Check	09/09/2021	1853	Intermedia.net	Phone/Internet	75.49
Bill Pmt -Check	09/09/2021	1854	Lechowicz & Tseng Municipal Consultants	Professional Fees	1,137.76
Bill Pmt -Check	09/09/2021	1855	Rio Linda Elverta Recreation & Park	Meeting Expense	25.00
Bill Pmt -Check	09/09/2021	1856	Rio Linda Hardware & Building Supply	Shop Supplies	1,141.88
Bill Pmt -Check	09/09/2021	1857	RW Trucking	Distribution Supplies	699.40
Bill Pmt -Check	09/09/2021	1858	Sacramento Suburban Water District	Professional Fees	519.44
Bill Pmt -Check	09/09/2021	1859	SMUD	Utilities	26,957.04
Bill Pmt -Check	09/09/2021	1860	UnifFirst	Uniforms	299.71
Bill Pmt -Check	09/09/2021	1834	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	09/15/2021	EFT	WageWorks	FSA Administration Fee	76.25
Bill Pmt -Check	09/17/2021	EFT	ARCO	Transportation Fuel	661.88
Liability Check	09/22/2021	EFT	QuickBooks Payroll Service	For PP Ending 09/20/21 Pay date 09/23/21	16,204.88
Liability Check	09/23/2021	EFT	CalPERS	For PP Ending 09/20/21 Pay date 09/23/21	2,623.59
Liability Check	09/23/2021	EFT	CalPERS	For PP Ending 09/20/21 Pay date 09/23/21	1,110.54
Liability Check	09/23/2021	EFT	Internal Revenue Service	Employment Taxes	6,211.46
Liability Check	09/23/2021	EFT	Employment Development	Employment Taxes	1,267.87
Liability Check	09/23/2021	EFT	Kaiser Permanente	Health Insurance	1,275.76
Liability Check	09/23/2021	EFT	Principal	Dental & Vision Insurance	1,653.46
Liability Check	09/23/2021	EFT	Western Health Advantage	Health Insurance	10,535.85
Liability Check	09/23/2021	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,972.36
Bill Pmt -Check	09/23/2021	EFT	PGE	Utilities	50.00
Bill Pmt -Check	09/23/2021	EFT	Verizon	Field Communication, Field IT	578.75
Bill Pmt -Check	09/23/2021	EFT	Voyager	Transportation Fuel	425.98
Check	09/23/2021	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	44,526.00

Accrual Basis

Rio Linda Elverta Community Water District
Expenditure Report
September 2021

Type	Date	Num	Name	Memo	Amount
Check	09/23/2021	1862	Teamsters	Union Dues	624.00
Check	09/23/2021	1863	Customer	Hyce Settlement	2,767.00
Check	09/23/2021	1864	Customer	Final Bill Refund	142.46
Check	09/23/2021	1865	Customer	Hydrant Meter Deposit Refund	936.50
Check	09/23/2021	1866	Customer	Final Bill Refund	67.92
Bill Pmt -Check	09/23/2021	1867	Buckmaster Office Solutions	Office Equipment	76.88
Bill Pmt -Check	09/23/2021	1868	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	09/23/2021	1869	Fechter & Company CPA	Auditor	8,994.00
Bill Pmt -Check	09/23/2021	1870	Pacific Premier Bank	Surcharge 2 Loan Payment	155,592.66
Bill Pmt -Check	09/23/2021	1871	Quill	Office Expense	56.86
Bill Pmt -Check	09/23/2021	1872	Sacramento County Utilities	Utilities	113.70
Bill Pmt -Check	09/23/2021	1873	Sierra Chemical	Chemical Supplies	800.25
Bill Pmt -Check	09/23/2021	1874	Spok, Inc.	Field Communication	15.40
Total 10000 · Bank - Operating Account					**358,817.89**

Rio Linda Elverta Community Water District
Expenditure Report
September 2021

Type	Date	Num	Payee	Memo	Amount
Check	09/23/2021	EFT	RLECWD	Surcharge 2 Loan Payment	155,592.66
10375 · Surcharge Account 2					**155,592.66**

Consent Calendar
Agenda Item: 3.3

Date: November 15, 2021

Subject: Financial Reports

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee recommends approval of the Districts Financial Reports for the month of September 2021.

Current Background and Justification:
The financial reports are for the District's balance sheet, profit and loss, and capital improvements year to date.

These financials are to be presented to the Board of Directors in order to inform them of the District's current financial condition.

Conclusion:

I recommend the Board approve the Financial Reports for September 2021.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____
Ridilla:____ Harris:____ Jason Green____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Rio Linda Elverta Community Water District
Balance Sheet
As of September 30, 2021

ASSETS	
Current Assets	
Checking/Savings	
100 · Cash & Cash Equivalents	
10000 · Operating Account	
10020 · Operating Fund-Umpqua	950,343.62
Total 10000 · Operating Account	950,343.62
10475 · Capital Improvement	
10480 · General	314,739.71
10481 · Cr6 Mitigation	454,500.00
10485 · Vehicle Replacement Reserve	90,000.00
Total 10450 · Capital Improvement	859,239.71
10490 · Future Capital Imp Projects	1,279,002.27
Total 100 · Cash & Cash Equivalents	3,088,585.60
102 · Restricted Assets	
102.2 · Restricted for Debt Service	
10700 · ZIONS Inv/Surcharge Reserve	524,232.41
10300 · Surcharge 1 Account	815,354.87
10350 · Umpqua Bank Debt Service	82,828.41
10380 · Surcharge 2 Account	155,369.13
10385 · OpusBank Checking	557,809.90
Total 102.2 · Restricted for Debt Service	2,135,594.72
102.4 · Restricted Other Purposes	
10600 · LAIF Account	336,071.12
10650 · Operating Reserve Fund	309,127.34
Total 102.4 · Restricted Other Purposes	645,198.46
Total 102 · Restricted Assets	2,780,793.18
Total Checking/Savings	5,869,378.78
Accounts Receivable	50,780.00
Other Current Assets	
12000 · Water Utility Receivable	686,027.87
12200 · Accrued Revenue	0.00
12250 · Accrued Interest Receivable	1,165.15
15000 · Inventory Asset	37,280.90
16000 · Prepaid Expense	68,427.37
Total Other Current Assets	792,901.29
Total Current Assets	6,713,060.07
Fixed Assets	
17000 · General Plant Assets	661,464.54
17100 · Water System Facilites	24,938,800.63
17300 · Intangible Assets	373,043.42
17500 · Accum Depreciation & Amort	-10,472,675.54
18000 · Construction in Progress	424,288.05
18100 · Land	576,673.45
Total Fixed Assets	16,501,594.55
Other Assets	
18500 · ADP CalPERS Receivable	500,000.00
19000 · Deferred Outflows	729,108.00
19900 · Suspense Account	143.02
Total Other Assets	1,229,251.02
TOTAL ASSETS	**24,443,905.64**

Rio Linda Elverta Community Water District
Balance Sheet
As of September 30, 2021

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	43,737.02
Credit Cards	60.00
Other Current Liabilities	909,530.79
Total Current Liabilities	953,327.81
Long Term Liabilities	
23000 · OPEB Liability	81,433.00
23500 · Lease Buy-Back	607,287.27
25000 · Surcharge 1 Loan	3,468,784.61
25050 · Surcharge 2 Loan	2,555,040.16
26000 · Water Rev Refunding	1,658,697.00
26500 · ADP CalPERS Loan	470,000.00
27000 · Community Business Bank	193,071.58
29000 · Net Pension Liability	1,117,944.00
29500 · Deferred Inflows-Pension	39,277.00
29600 · Deferred Inflows-OPEB	74,020.00
Total Long Term Liabilities	10,265,554.62
Total Liabilities	11,218,882.43
Equity	
31500 · Invested in Capital Assets, Net	8,593,770.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	3,535,043.26
Net Income	390,984.25
Total Equity	13,225,023.21
TOTAL LIABILITIES & EQUITY	**24,443,905.64**

Accrual Basis

Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
As of September 30, 2021

	Annual Budget	Sept 21	Jul-Sep 21	% of Annual Budget	YTD Annual Budget Balance
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,862,870.00	386,403.87	734,747.93	25.67%	2,128,122.07
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	300.00	3.18	9.25	3.08%	290.75
Surcharg Total 41110 · Investment Revenue	300.00	3.18	9.25	3.08%	290.75
41120 · Property Tax	95,700.00	0.00	2,332.59	2.44%	93,367.41
Total 41000 · Nonoperating Revenue	96,000.00	3.18	2,341.84	2.44%	93,658.16
Total Income	2,958,870.00	386,407.05	737,089.77	24.91%	2,221,780.23
Gross Income	2,958,870.00	386,407.05	737,089.77	24.91%	2,221,780.23
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	100,050.00	15,131.76	25,440.00	25.43%	74,610.00
60100 · Personnel Services					
60110 · Salaries & Wages	770,402.00	51,711.21	148,946.00	19.33%	621,456.00
60150 · Employee Benefits & Expense	463,569.00	32,415.58	79,747.78	17.20%	383,821.22
Total 60100 · Personnel Services	1,233,971.00	84,126.79	228,693.78	18.53%	1,005,277.22
60200 · Administration	216,767.00	10,490.88	63,575.72	29.33%	153,191.28
64000 · Conservation	300.00	0.00	0.00	0.00%	300.00
65000 · Field Operations	538,200.00	35,561.15	108,624.79	20.18%	429,575.21
Total 60000 · Operating Expenses	2,089,288.00	145,310.58	426,334.29	20.41%	1,662,953.71
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	148,158.00	0.00	0.00	0.00%	148,158.00
69110 · Interest	53,111.00	0.00	0.00	0.00%	53,111.00
Total 69100 · Revenue Bond	201,269.00	0.00	0.00	0.00%	201,269.00
69125 · AMI Meter Loan					
69130 · Principle	51,344.00	0.00	25,474.75	49.62%	25,869.25
69135 · Interest	7,170.00	0.00	3,782.21	52.75%	3,387.79
Total 69125 · AMI Meter Loan	58,514.00	0.00	29,256.96	50.00%	29,257.04
69200 · PERS ADP Loan					
69205 · Principle	30,000.00	0.00	0.00	0.00%	30,000.00
69210 · Interest	1,850.00	0.00	0.00	0.00%	1,850.00
Total 69100 · PERS ADP Loan	31,850.00	0.00	0.00	0.00%	31,850.00
Total 69010 · Debt Service	291,633.00	0.00	29,256.96	10.03%	262,376.04
69400 · Other Non-Operating Expense	3,000.00	2,767.00	2,767.00	92.23%	233.00
Total 69000 · Non-Operating Expenses	294,633.00	2,767.00	32,023.96	10.87%	262,609.04
Total Expense	2,383,921.00	148,077.58	458,358.25	19.23%	1,925,562.75
Net Ordinary Income	574,949.00	238,329.47	278,731.52		
Net Income	**574,949.00**	**238,329.47**	**278,731.52**		

Accrual Basis

Rio Linda Elverta Community Water District
CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2020-21
As of September 30, 2021

	GENERAL		FUTURE CAPITAL IMPROVEMENT PROJECTS		VEHICLE & LARGE EQUIPMENT REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES						
Fund Transfers						
Operating Fund Transfers In	576,700.00	175,666.00	-	-	-	-
CIP Fund Intrafund Transfers	(381,468.00)	-	371,468.00	-	10,000.00	-
Fund Transfer from Operating			28,000.00			
Surcharge 2 Surplus Repayment	79,747.00	-	-	-	-	-
Investment Revenue	300.00	19.62	125.00	32.24	-	-
PROJECTS						
A · WATER SUPPLY	-					
A-1 · Miscellaneous Pump Replacements	40,000.00	-				
Total A · WATER SUPPLY	**40,000.00**	-	-	-	-	-
B · WATER DISTRIBUTION						
B-1 · Service Replacements	30,000.00	-	-	-	-	-
B-2 · Small Meter Replacements	120,000.00	-	-	-	-	-
B-3 · Large Meter Replacements	5,000.00	-	-	-	-	-
B-4 · Pipeline Replacement	-	-	450,000.00	-	-	-
Total B · WATER DISTRIBUTION	**155,000.00**	-	**450,000.00**	-	-	-
M · GENERAL PLANT ASSETS						
M-1 · Urban Water Management Plan	50,000.00	-	-	-	-	-
M-2 · Office Air Conditioner Replacement	8,200.00	5,622.00	-	-	-	
M-3 · Server Replacement	8,000.00	-	-	-	-	
M-4 · Dump Truck	-	-	-	-	85,000.00	-
Total M · GENERAL PLANT ASSETS	**66,200.00**	**5,622.00**	-	-	**85,000.00**	-
TOTAL BUDGETED PROJECT EXPENDITURES	**261,200.00**	**5,622.00**	**450,000.00**	-	**85,000.00**	-

Rio Linda Elverta Community Water District
Capacity Revenue Profit & Loss Budget Performance
July-September 2021

	Annual Budget	Jul-Sep 21 Current QTR	Jul 21-Sep 21 YTD	% of Annual Budget	YTD Annual Budget Balance
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	1,400.00	274.17	274.17	19.58%	1,125.83
	1,400.00	274.17	274.17	19.58%	1,125.83
44100 · Capacity Fee Revenue	500,000.00	62,262.70	62,262.70	12.45%	437,737.30
Total Income	501,400.00	62,536.87	62,536.87	12.47%	438,863.13
Gross Income	501,400.00	62,536.87	62,536.87	12.47%	438,863.13
Net Income	**501,400.00**	**62,536.87**	**62,536.87**		

Rio Linda Elverta Community Water District
Surcharge 1 Profit & Loss Budget Performance
July-September 2021

	Annual Budget	Jul-Sep 21 Current QTR	Jul 21-Sep 21 YTD	% of Annual Budget	YTD Annual Budget Balance
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41111 · Dividend Revenue	0.00	6.85	6.85	100.0%	-6.85
41112 · Interest Revenue	2,500.00	1,285.60	1,285.60	51.42%	1,214.40
41113 · Market Value Adjustment	0.00	-1,743.35	-1,743.35	100.0%	1,743.35
	2,500.00	-450.90	-450.90	-18.04%	2,950.90
43010 · Surcharge 1 Revenue	523,374.00	115,661.00	115,661.00	22.1%	407,713.00
Total Income	525,874.00	115,210.10	115,210.10	21.91%	410,663.90
Gross Income	525,874.00	115,210.10	115,210.10	21.91%	410,663.90
Expense					
69150 · Surcharge 1 Loan					
69155 · Principle	369,821.00	0.00	0.00	0.0%	369,821.00
69160 · Interest	91,534.00	0.00	0.00	0.0%	91,534.00
69170 · Admin Fees	2,100.00	525.35	525.35	25.02%	1,574.65
Total 69150 · Surcharge 1 Loan	463,455.00	525.35	525.35	0.11%	462,929.65
Total Expense	463,455.00	525.35	525.35		
Net Income	**62,419.00**	**114,684.75**	**114,684.75**		

Rio Linda Elverta Community Water District
Surcharge 2 Profit & Loss Budget Performance
July-September 2021

	Annual Budget	Jul-Sep 21 Current QTR	Jul 21-Sep 21 YTD	% of Annual Budget	YTD Annual Budget Balance
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	800.00	20.58	20.58	2.57%	779.42
	800.00	20.58	20.58	2.57%	779.42
43050 · Surcharge 2 Revenue	439,019.00	96,173.33	96,173.33	21.91%	342,845.67
Total Income	439,819.00	96,193.91	96,193.91	21.87%	343,625.09
Gross Income	439,819.00	96,193.91	96,193.91	21.87%	343,625.09
Expense					
69175 · Surcharge 2 Loan					
69180 · Principle	225,000.00	110,000.00	110,000.00	48.89%	115,000.00
69185 · Interest	104,632.00	45,592.66	45,592.66	43.57%	59,039.34
Total 69175 · Surcharge 2 Loan	329,632.00	155,592.66	155,592.66	47.2%	174,039.34
Total Expense	329,632.00	155,592.66	155,592.66		
Net Income	**110,187.00**	**-59,398.75**	**-59,398.75**		

Items for Discussion and Action
Agenda Item: 4.1

Date: November 15, 2021

Subject: General Manager's Report

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

N/A this item is not reviewed by committee.

Current Background and Justification:

The General Manager will provide a written report of District activities over the period since the last regular Board meeting. The Board may ask for clarifications and may also provide direction in consideration of the reported activities.

Conclusion:

No Board action is anticipated for this item.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Date: November 15, 2021

Subject: General Manager Report

Staff Contact: Timothy R. Shaw, General Manager

For the given month, I participated in the following reoccurring meetings and special events: Demands for resources associate with the ongoing MOU renewal and the U.S. EPA mandate for certifying an Emergency Response Plan dominated this reporting period.

1. On October 20th, I participated in the State Water Resources Control Board Arrearages webinar.

2. On October 25th , the Operations Superintendent and I met with Twin Rivers Unified School District staff to seek out the source of a continuous leak at the Rio Linda Elementary School site. Twin Rivers staff did NOT bring any keys to access abandoned buildings. The meeting was rescheduled for the next day, but Twin Rivers cancelled after the scheduled commencement time.

3. On October 28th , I participated in the Regional Contamination Issues Group. Among the topics discussed was the 9th Circuit Court ruling on Vacaville liability for a Resource Conservation and Recovery Act (RCRA) lawsuit.

4. On November 2nd , I participated in the State Water Resources Control Board (SWRCB) meeting with a focus on the Arrearages funding program requirements.

5. November 3rd, I participated in an Association of California Water Agencies (ACWA) webinar on PFAS contamination and lawsuits.

6. On November 8th and 9th , in a U.S. EPA webinar on mandated Emergency Response Plan certifications.

7. On November 9th , I met (in-person) with Teamsters Local 150 regarding ongoing MOU renewal negotiations. Teamsters had not responded to the October 12th counter proposal until this meeting.

8. On November 10th , I met with the RLECWD MOU Renewal Ad Hoc Committee to discuss a response to the counter proposal received on November 9th.

9. On November 11th , The District observed Veterans Day.

Throughout the reporting period, additional demands for resources were incurred from:

- MOU Renewal
- Ongoing issues with inefficient and wasteful water use at various TRUSD facilities. I also reached out to an Elverta School, and the Elverta School promptly address their wasteful water practice.

Additional items of interest:

I responded to a request for an interview from Capital & Main (media) regarding the District's participation in the State Water Resources Control Board. The journalist had been interviewing the State Water Resources Control Board staff for a story on the lack of participation in the arrearages program. The SWRCB staff gave the journalist my contact information.

Items for Discussion and Action
Agenda Item: 4.2

Date: November 15, 2021

Subject: District Engineer's Report

Staff Contact: Mike Vasquez, District Engineer

Recommended Committee Action:

N/A this item is not discussed at committees.

Current Background and Justification:

The District Engineer will provide a written report to the Board of Directors on engineering activities since the previous monthly meeting. The Board may ask for clarifications and may also provide direction in response to the report.

Conclusion:

There is no Board action anticipated for this item.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Jason Green____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

ekI environment & water

915 Highland Pointe Drive, Suite 250
Roseville, CA 95678
(650) 292-9100
ekiconsult.com

15

10 November 2021

DISTRICT ENGINEER'S REPORT

To: Tim Shaw, General Manager, Rio Linda / Elverta Community Water District

From: Mike Vasquez, PE, PLS, Principal (EKI), District Engineer (RL/ECWD)

Subject: District Engineer's Report for the 15 November 2021 Board of Directors Meeting

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 14 October 2021 to 10 November 2021:

1. **General District Engineering:**
    - Researched and reviewed property information (property grant deed, assessor's map, and parcel map) for the Well 15 site and its access road from Q Street. Provided a report to the General Manager and Operations Superintendent indicating that the access road is a public 40-foot wide road owned by Sacramento County along with a 12.5-foot wide public utilities easement.
    - Prepared and provided a task order to the General Manager to prepare the 2020 Urban Water Management Plan. The 2020 Urban Water Management Plan will be discussed in more detail under a separate agenda item.
2. **Active Development Reviews (only projects with updates from the last Board Meeting):**
    - 428 West Delano Street (5 residential lots, between El Rio Avenue and Marindell Street) – Provided additional improvement plan comments to the developer on 11/8/2021 that proposes to install approximately 650 feet of new 8" water main and 5 water services for 5 new residential lots. The new water main would connect to an existing 8" water main on Delano Street.
    - 6221 16th Street Phase 2 Worship Facility Development (Northwest corner G Street and 16th Street): The developer submitted revised improvement plans on 10/14/2021. Provided comments the same day.
    - 936 Anderson Wood Way (between 9th Avenue and 10th Street) – A contractor for AT&T is planning a fiber cable installation for the property. Staff provided District water maps to the contractor to review utility conflicts.

- **CIP Dry Creek Road Pipe Replacement Project:**
    - Awarded the construction contract to Rawles Engineering, Inc. as directed by the Board of Directors at the 10/18/2021 Board Meeting. Anticipate construction commencing in the spring 2022 after the wet weather passes.

Please contact me directly at the office (650) 292-9112, cell phone (530) 682-9597, or email at mvasquez@ekiconsult.com with any questions or require additional information.

Very truly yours,

Mike Vasquez, PE, PLS
Principal (EKI), District Engineer (RL/ECWD)

Items for Discussion and Action
Agenda Item: 4.3

Date: November 15, 2021

Subject: Independent Auditor's Report for Fiscal Year 2020-2021

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

The Executive Committee forwarded the item onto the November 15th Board agenda with the Committee's recommendation for Board acceptance.

Current Background and Justification:

Statutory requirements as well as fundamentals of transparency, fiscal responsibility, and good governance compel the District to obtain an independent audit for each fiscal year.

The audit report reflects the District's continued excellence in financial reporting. As appropriate, the Management Discussion and Analysis section of the report provides perspective for the District's financial position in a narrative format intended to objectively inform the public we serve.

Conclusion:

I recommend the Board accept the Independent Auditors Report for fiscal year 2020/2021 and acknowledge staff for excellence in financial reporting.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Jason Green ____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST

October 19, 2021

Board of Directors
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, California 95673

We have audited the financial statements of the Rio Linda/Elverta Community Water District (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 13, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements was:

> Management's estimate of the net pension liability is based on CalPERS actuarial reports. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the District's financial statements taken as a whole.

Board of Directors
Rio Linda/Elverta Community Water District

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Required Supplementary Information related to pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of the Rio Linda/Elverta Community Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fechter & Company,
Certified Public Accountants

Fechter & Company, CPAs

Sacramento, California

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
ANNUAL FINANCIAL REPORT
With
Independent Auditor's Report Thereon

JUNE 30, 2021 and 2020

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Annual Financial Report
June 30, 2021 and 2020

Table of Contents

FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
Scott A. German, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

Report on the Financial Statements

We have audited the accompanying financial statements of Rio Linda/Elverta Community Water District (the District), which comprise the balance sheet as of June 30, 2021, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Member of the American Institute of Certified Public Accountants Tax Section
and California Society of CPAs

Board of Directors
Rio Linda/Elverta Community Water District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, the schedule of the District's proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Fechter & Company
Certified Public Accountants

Fechter & Company, CPAs

Sacramento, California
October 19, 2021

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2021 and 2020

The management of the Rio Linda/Elverta Water District (District) presents this Management's Discussion and Analysis to achieve two goals:

To comply with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34) that are designed to provide more and easier-to-understand information about the finances of local government agencies such as the District; and,

To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the fiscal year ended June 30, 2021 (FY 2020-21).

Questions or comments regarding this Management's Discussion and Analysis may be directed to the District General Manager via the following methods:

Mailing address: Rio Linda/Elverta Community Water District
730 L St.
Rio Linda, California 95673

Telephone: (916) 991-1000
E-mail: gm@rlecwd.com

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during FY 2020-21 and its financial position at the close of FY 2020-21.

- The District's assets exceeded its liabilities by $12,218,231 as of June 30, 2021, which is an increase of $673,070 compared to June 30, 2020. Total assets decreased by $642,501 while total liabilities decreased by $1,315,571. The deferred outflow increased to $729,108 and deferred inflows increased to $113,297 as of June 30, 2021. The District's net investment in capital assets, $8,593,770, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net assets totaled $3,535,046, an increase of $1,413,116 from the end of FY 2019-20.

- The District's operating revenues were $2,872,238 and non-operating revenues were $1,121,913, totaling $3,994,151. Water sales to customers totaled 69% of all revenues.

- The District's total net long-term liabilities were $9,682,257 and includes the Water Revenue Refunding Bond, State Revolving Fund Loan, Water Meter Replacement Loan, Installment Sales Agreement, Unearned revenue, OPEB Liability, and Net Pension Liability.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2021 and 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) Management's Discussion and Analysis; and (2) the financial statements, which includes the notes to financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Statement of Net Position

As of June 30, 2021, the total net position of the District was $12,834,042. The following table summarizes assets, liabilities and net position at June 30, 2021, 2020, and 2019:

	2021	2020	2019
Current Assets, Unrestricted	$ 1,946,949	$ 3,402,506	$ 2,916,941
Restricted Cash and Cash Equivalents	4,471,165	5,136,746	1,479,705
Capital assets, net	16,501,597	15,022,960	14,473,753
Total Assets	22,919,711	23,562,212	18,870,399
Total Deferred Outflows	729,108	227,638	262,764
Total Assets and Deferred Outflows	23,648,819	23,789,850	19,133,163
Current Liabilities	1,019,223	1,513,821	701,609
Long-Term Liabilities	9,682,257	10,503,230	8,341,628
Total Liabilities	10,701,480	12,017,051	9,043,237
Total Deferred Inflows	113,297	102,763	32,003
Total Liabilities and Deferred Inflows	10,814,777	12,119,814	9,075,240
Net Position			
Net investment in capital assets	8,593,770	8,842,880	7,681,068
Restricted debt service reserves	705,226	705,226	702,233
Unrestricted	3,535,046	2,121,930	1,674,622
Total Net Position	$ 12,834,042	$ 11,670,036	$ 10,057,923

The District's net position reflects Debt Service restrictions imposed as its loan requirements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2021 and 2020

Below is a summary analysis of changes:

Summary Analysis of Changes	2021 & 2020	2020 & 2019
Total Assets and Deferred Outflows	-0.59%	24.34%
Total Liabilities and Deferred Inflows	-10.77%	33.55%
Total Net Position	9.97%	16.03%

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Operating Revenues:			
Water sales	$ 2,748,710	$ 2,665,072	$ 2,560,294
Other operating revenues	123,528	135,039	156,924
Total Operating Revenues	2,872,238	2,800,111	2,717,218
Operating Expenses:			
Personnel services	1,191,017	1,228,884	1,065,785
Professional services	112,714	102,556	149,693
Field operations	467,761	492,255	422,419
Conservation	-	-	5,844
Administration	202,119	207,356	236,116
Depreciation and Amortization	622,225	636,432	637,022
Total Operating Expenses	2,595,836	2,667,483	2,516,879
Net Income from Operations	276,402	132,628	200,339
Non-Operating Revenues (Expenses):			
Surcharge	963,729	962,068	949,903
Other non-operating revenues	158,184	189,793	156,217
Non-operating expenses	(263,423)	(268,276)	(252,635)
Net Non-Operating Revenues	858,490	883,585	853,485
Net income before capital contributions	1,134,892	1,016,213	1,053,824
Capital Contributions			
Capacity fees	29,114	90,900	51,705
Capital grants	-	505,000	-
Contributed assets	-	-	90,081
Total Capital Contributions	29,114	595,900	141,786
Change in net position	1,164,006	1,612,113	1,195,610
Net position, beginning of year	11,670,036	10,057,923	8,862,313
Net position, end of year	$ 12,834,042	$ 11,670,036	$ 10,057,923

Changes from Fiscal Year 2019/2020 to Fiscal Year 2020/2021:

Total net position increased $1,164,006 or 9.97% from fiscal year 2020 to 2021 because revenues exceeded expenses by $1,164,006.

Total operating revenues increased $72,127 or 2.58% from fiscal year 2020 to 2021. Operating revenue exceeded operating expenses by $276,402. Operating expenses decreased by $71,747, a 2.69% decrease from fiscal year 2020 to 2021.

Changes from Fiscal Year 2018/2019 to Fiscal Year 2019/2020:

Total net position increased $1,612,113 or 16.03% from fiscal year 2019 to 2020.

Total operating revenues increased $82,893 or 3.05% from fiscal year 2019 to 2020. Operating revenue exceeded operating expenses by $132,628. Operating expenses increased by $150,604, a 5.98% increase from fiscal year 2019 to 2020.

CAPITAL ASSETS AND DEBT ADMININSTRATION

Capital Assets

As of June 30, 2021, the District's net investment in capital assets was $8,593,770 including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its Water Revenue Refunding Bonds. Through scheduled debt service payments during 2020-21, principal on its collective debt was reduced by $145,736 during the year. The District's total debt from its 2016 issuance now stands at approximately $1.81 million.

The District continues to meet its debt obligations to the State Water Resource Control Board State Revolving Fund (SRF) Loan through scheduled debt service payments during 2020-21, principal on its collective debt was reduced by $360,495 during the year. The District's total debt from the SRF Loan now stands at approximately $3.65 million.

The District continues to meet its debt obligation called the Meter Replacement Loan for the AMR/AMI Meter Program capital improvement project. Principal on its collective debt was reduced by $49,789 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately $244,416.

During FY 18-19, the District entered into an installment sale agreement with Pacific Premier Bank for $3.87 million. During FY 20-21, the District paid principal of $220,000 on this debt. As of June 30, 2021, the District's total debt from the Pacific Premier Bank loan was $2.78 million.

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at $53,469 at the end of 2020-21, an increase of $9,348 from the 2019-20 year-end amount of $44,121.

Additional information on long-term liabilities activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District adopted a budget for FY 2021-22 ($2.9 M revenue and $2.3 M expenses) with a 5.36% increase in income, a 13.61% decrease in expense, and a 1,071.05% increase in net income compared with the FY 2020-21 Operating Budget. This year-to-year change in net income reflects that the District paid down the pension Unfunded Accrued Liability last year (an expense) and we will not have the same expense this year.

The District completed a rate study /cost of service analysis for another multi-year rates restructuring, and the Board adopted the new rates at the public hearing on August 16, 2021. The adoption of new laws (SB 555, SB 606, AB 1668) has created new requirements for water efficiency and limits on water loss. These laws also influenced the new rate structure.

A significant portion of the District's budget continues to be repayment of 15-year long-term debt consolidated financing of Water Revenue Bonds in the amount of approximately $200,000 per year.

A complex formula and practices deployed by CalPERS results in a lag between events impacting employee pension Unfunded Accrued Liability (UAL) and the CalPERS implementation of increased annual UAL payments. The net effect of these CalPERS formulas/practices is a much higher total interest amount paid by the employers. Additionally, the ramp up in annual payments is not linear, they increase in the first two years following a change are approximately 2 to 3%. The increase in the subsequent 18-years is in the 15 to 20% range. To illustrate; the increase in the annual payment the District will would have paid in July 2021 is at least 16% higher than the $68,000 payment the District paid in July 2020. As such, the District executed mitigation measures to offset the dramatic annual UAL payments it would otherwise incur. The mitigation was an internal loan from the long-term capital improvement funding to fund an Additional Discretionary Payment to CalPERS to reduce the Unfunded Accrued Liability.

In September 2017, the District was awarded Prop 84 funding in the amount of $530,000 for Well 10 Cr6 Treatment Mitigation. The District recently received approval from the Department of Water Resources to reallocate the Well 10 grant to the Well 16 project, an alternative means for Cr6 mitigation. The construction of the Well 16 project was completed in the spring of 2021.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects and some small commercial development is likely to continue if the economic conditions remain favorable. Rio Linda is strategically located directly between the large new commercial development in the Airport Industrial Park and the McClellan Business park. Both areas are bringing additional jobs into the region which adds to housing demand in the District. Sacramento County has recently approved increased density for a project within the District boundaries, yet there are no financial agreements or definitive plans in place. SB 13 was signed by

the Governor, which may lead to a new form of development via accessory dwelling units. Similar legislation intended to mitigate the ongoing housing crisis has eliminated zoning restrictions that previously inhibited multi-family housing construction for parcels zoned only for single family homes.

BASIC FINANCIAL STATEMENTS

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH COMPARATIVE DATA FOR JUNE 30, 2020)

	2021	2020
ASSETS		
Current Assets:		
Cash and investments	$ 1,263,418	$ 2,261,229
Accounts receivable	615,230	1,059,373
Accrued interest receivable	721	1,034
Inventory	37,675	68,728
Prepaid expenses	29,905	12,142
Total current assets	1,946,949	3,402,506
Noncurrent Assets:		
Restricted cash and investments	4,471,165	5,136,746
Capital assets, net	16,501,597	15,022,960
Total noncurrent assets	20,972,762	20,159,706
TOTAL ASSETS	22,919,711	23,562,212
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	729,108	227,638
LIABILITIES		
Current Liabilities:		
Accounts payable	117,223	636,506
Accrued salaries and benefits	47,220	51,272
Accrued interest payable	31,800	34,330
Deposits payable	112,024	113,716
Unearned revenue	49,255	49,255
Current portion of compensated absences liability	53,469	44,121
Current portion of long-term liabilities	608,232	584,621
Total current liabilities	1,019,223	1,513,821
Long-Term Liabilities:		
Unearned revenue	607,287	656,542
Bonds and loans payable	7,875,593	8,675,224
OPEB liability	81,433	115,693
Net pension liability	1,117,944	1,055,771
Total long-term liabilities	9,682,257	10,503,230
TOTAL LIABILITIES	10,701,480	12,017,051
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	39,277	20,431
Deferred OPEB inflows	74,020	82,332
TOTAL DEFERRED INFLOWS OF RESOURCES	113,297	102,763
NET POSITION		
Net investment in capital assets	8,593,770	8,842,880
Restricted for debt service reserves	705,226	705,226
Unrestricted	3,535,046	2,121,930
TOTAL NET POSITION	$ 12,834,042	$ 11,670,036

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
Operating revenues:		
Water sales	$ 2,748,710	$ 2,665,072
Account service charges	95,667	105,426
Other water service fees	27,861	29,613
Total operating revenues	2,872,238	2,800,111
Operating expenses:		
Personnel services	1,191,017	1,228,884
Professional services	112,714	102,556
Field operations:		
Transmission and distribution	88,520	162,156
Pumping	259,040	227,899
Transportation	12,898	15,334
Treatment	22,238	22,269
Other	85,065	64,597
Conservation	-	-
Administration	202,119	207,356
Depreciation	622,225	636,432
Total operating expenses	2,595,836	2,667,483
Operating income	276,402	132,628
Non-operating revenues and (expenses):		
Surcharge	963,729	962,068
Interest income	8,204	39,129
Property tax	103,904	95,164
Rental income	49,255	49,255
(Loss) gain on disposition of assets	(3,179)	6,245
Interest expense	(261,141)	(266,121)
Other non-operating expenses	(2,282)	(2,155)
Total non-operating revenues and (expenses)	858,490	883,585
Income before capital contributions	1,134,892	1,016,213
Capital Contributions		
Capacity fees	29,114	90,900
Capital grants	-	505,000
Total capital contributions	29,114	595,900
Change in net position	1,164,006	1,612,113
Beginning net position	11,670,036	10,057,923
Ending net position	$ 12,834,042	$ 11,670,036

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
Cash flows from operating activities:		
Receipts from customers	$ 3,314,689	$ 2,326,086
Payments to suppliers	(1,288,587)	(271,856)
Payments to employees	(1,648,744)	(1,124,003)
Net cash provided by operating activities	377,358	930,227
Cash Flows from non-capital financing activities:		
Property taxes received	103,904	95,164
Net cash provided by non-capital financing activities	103,904	95,164
Cash flows from capital and related financing activities:		
Surcharge revenue received	963,729	962,068
Capacity fees	29,114	90,900
Capital grant	-	505,000
Payments on long-term debt	(776,020)	(748,698)
Purchase and construction of capital assets	(2,104,040)	(1,185,639)
(Loss) proceeds from sale of asset	-	6,245
Proceeds from the issuance of long-term debt	-	3,210,040
Interest and fees paid on long-term debt	(265,954)	(244,369)
Net cash (used) provided by capital and related financing activities	(2,153,171)	2,595,547
Cash flows from investing activities:		
Investment income received	8,517	38,095
Net cash provided by investing activities	8,517	38,095
Net (decrease) increase in cash and cash equivalents	(1,663,392)	3,659,033
Cash and cash equivalents, beginning of year	7,397,975	3,738,942
Cash and cash equivalents, end of year	$ 5,734,583	$ 7,397,975
Cash and cash equivalents consist of the following:		
Unrestricted	$ 1,263,418	$ 2,261,229
Restricted	4,471,165	5,136,746
	$ 5,734,583	$ 7,397,975

The accompanying notes are an integral part of these financial statements.

(Continued)

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 276,402	$ 132,628
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	622,225	636,432
Changes in assets and liabilities:		
Accounts receivable	444,143	(490,535)
Inventory	31,053	(10,719)
Prepaid expenses	(17,763)	18,715
Accounts payable	(519,283)	522,315
Accrued salaries and benefits	(4,052)	19,571
Deposits payable	(1,692)	16,510
Compensated absences	9,348	7,163
OPEB liability	(42,572)	(40,359)
Net pension liability	(420,451)	118,506
Net cash provided by operating activities	$ 377,358	$ 930,227

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2021 and 2020

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Rio Linda/Elverta Community Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, the District applies Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,643 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

Basis of Presentation – Fund Accounting: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted, and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled water services are accrued as revenue.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting: (continued)

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits, Local Agency Investment Fund (LAIF), an investment pool managed by the State of California, and money market mutual funds.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants and ordinances. In addition, proceeds from the surcharge levied on customer accounts are restricted for capital improvements. Certain other amounts received by the District are restricted for other purposes.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2021 and 2020

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets: (continued)

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Accounts Receivable: The District issues water invoices bi-monthly based on meter readings. Delinquent water invoices may have a lien placed on the property. The District does not provide for an allowance for uncollectible accounts due to the lien process.

Deferred Outflows and Inflows of Resources: Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category. Please refer to Notes 7 and 8 for a detailed listing of the deferred inflows of resources.

Unearned Revenues: Unearned revenue represents funds received for future rental income on various cell tower leases.

Contributed Facilities: The District receives facilities (hydrant, pipes, valves, etc.), from developers resulting from developers preparing the sites to connect to the District. The District records these items as capital assets and depreciates them over their estimated useful life.

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Sacramento levies, bills, and collects property taxes and special assessments for the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest, and

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes: (continued)

penalties. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

Compensated Absences: The District has a policy whereby employees can accrue up to a maximum of 300 hours of vacation leave. All accrued vacation leave will be paid to the employee on termination of employment. Accumulated unpaid vacation leave is accrued when earned. Employees accrue sick leave, but any remaining balance at termination of employment is not paid out to the employee; thus, the District does not accrue a liability for sick leave, except for those that have contracts that specifically state that sick leave will be paid out upon termination.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 and 2020, are classified in the accompanying financial statements as follows:

	2021	2020
Cash and cash equivalents	$ 1,263,418	$ 2,261,229
Restricted cash and investments	4,471,165	5,136,746
Total Cash and Investments	$ 5,734,583	$ 7,397,975

Cash and investments as of June 30, 2021 and 2020, consisted of the following:

	2021	2020
Deposits with financial institutions		
Total Cash	$ 4,873,095	$ 6,568,892
Investments in Local Agency Investment Fund (LAIF)	335,797	304,201
Held by Bond Trustee:		
Money market mutual fund	70,431	64,694
Negotiable certificates of deposits	305,457	460,188
Government agency securities	149,803	-
Total Investments	861,488	829,083
Total Cash and Investments	$ 5,734,583	$ 7,397,975

NOTE 2: CASH AND INVESTMENTS - CONTINUED

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The list below identifies the investment types that are authorized by the District's investment policy.

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. During the year ended June 30, 2021, the District's permissible investments included the following instruments:

- Investment pool authorized under $50 million Liquid CA Account Statues governed by Government Code Sections 16429.1-16429.4 AKA Local Agency Investment Fund of LAIF.
- California Employers Retiree Benefit Trust (CERBT).
- Money Market Mutual Funds governed by Government Code Sections 53601.6(b).

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The Water Revenues Refunding Bond agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 2: CASH AND INVESTMENTS – CONTINUED

Information about the sensitivity of the fair value of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Total	12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	$ 335,797	$ 335,797	$ -	$ -
Held by Bond Trustee:				
Money market mutual fund	70,431	70,431	-	-
Negotiable certificates of deposits	305,457	51,096	125,927	128,434
Government agency securities	149,803	-	-	149,803
Total Investments	$ 861,488	$ 457,324	$ 125,927	$ 278,237

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	N/A	$ 335,797	$ -	$ 335,797
Held by Bond Trustee:				
Money market mutual fund	N/A	70,431	-	70,431
Negotiable certificates of deposits	N/A	305,457	-	305,457
Government agency securities	A	149,803	149,803	-
Total Investments		$ 861,488	$ 149,803	$ 711,685

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 2: CASH AND INVESTMENTS - CONTINUED

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the carrying amount of the District's deposits were $4,873,095 and the balances in financial institutions were $5,008,913. Of the balance in financial institutions, $750,000 was covered and $4,258,913 was not covered by federal depository insurance. As of June 30, 2021, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Reported Investment Type	Amount
Money market mutual funds	$ 70,431
Negotiable certificates of participation	305,457
Government agency securities	149,803

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Nondepreciable:				
Land	$ 576,673	$ -	$ -	$ 576,673
Construction in progress	2,498,738	-	(2,074,450)	424,288
Total nondepreciable assets	3,075,411	-	(2,074,450)	1,000,961
Depreciable:				
Water system facilities	20,760,312	2,104,040	2,074,450	24,938,802
General plant assets	709,030	-	(47,565)	661,465
Intangible assets	373,043	-	-	373,043
Total depreciable assets	21,842,385	2,104,040	2,026,885	25,973,310
Less: Accumulated depreciation				
Water system facilities	(9,113,841)	(567,072)	-	(9,680,913)
General plant assets	(503,153)	(38,384)	44,386	(497,151)
Intangible assets	(277,842)	(16,768)	-	(294,610)
Total accumulated depreciation	(9,894,836)	(622,224)	44,386	(10,472,674)
Net assets being depreciated	11,947,549	1,481,816	2,071,271	15,500,636
Total capital assets	$15,022,960	$1,481,816	$ (3,179)	$ 16,501,597

NOTE 3: CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Nondepreciable:				
Land	$ 576,673	$ -	$ -	$ 576,673
Construction in progress	1,313,099	1,185,639	-	2,498,738
Total nondepreciable assets	1,889,772	1,185,639	-	3,075,411
Depreciable:				
Water system facilities	20,760,312	-	-	20,760,312
General plant assets	733,399	-	(24,369)	709,030
Intangible assets	373,043	-	-	373,043
Total depreciable assets	21,866,754	-	(24,369)	21,842,385
Less: Accumulated depreciation				
Water system facilities	(8,541,014)	(572,827)	-	(9,113,841)
General plant assets	(480,627)	(46,895)	24,369	(503,153)
Intangible assets	(261,132)	(16,710)	-	(277,842)
Total accumulated depreciation	(9,282,773)	(636,432)	24,369	(9,894,836)
Net assets being depreciated	12,583,981	(636,432)	-	11,947,549
Total capital assets	$14,473,753	$ 549,207	$ -	$ 15,022,960

Depreciation expense in the amount of $622,225 and $636,432 was recorded for the years ended June 30, 2021 and 2020, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 4: LONG-TERM LIABILITIES

Safe Drinking Water State Revolving Fund Loan: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of $7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only $7,179,073. Semi-annual loan payments of $230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2021, the District's loan balance was $3,652,514.

2015 Water Revenue Refunding Bonds: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from $48,776 to $136,000, and semi-annual interest payments, ranging from $1,210 to $40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2021, the District's loan balance was $1,806,855.

Water Meter Replacement Loan: In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for $499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of $29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2021, the District's loan balance was $244,416.

Installment Sale Agreement: On March 1, 2018, the District entered into an installment sale agreement with Pacific Premier Bank, formerly Opus Bank, for $3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from $110,000 to $155,000, and semi-annual interest payments, ranging from $2,706 to $49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2021, the District's loan balance was $2,780,040.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2021 and 2020

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

The activity of the District's long-term liabilities during the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
State safe drinking water loan	$ 4,013,009	$ -	$ (360,495)	$ 3,652,514	$ 183,730
2015 water revenue refunding	1,952,591	-	(145,736)	1,806,855	148,158
Water meter replacement loan	294,205	-	(49,789)	244,416	51,344
Pacific Premier Bank loan	3,000,040	-	(220,000)	2,780,040	225,000
Total bonds and loans payable	9,259,845	-	(776,020)	8,483,825	608,232
Compensated absences	44,121	41,758	(32,410)	53,469	53,469
Net pension liability	1,055,771	62,173	-	1,117,944	-
Other post-employment benefits	115,693	-	(34,260)	81,433	-
	$ 10,475,430	$ 103,931	$ (842,690)	$ 9,736,671	$ 661,701

The activity of the District's long-term liabilities during the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
State safe drinking water loan	$ 4,364,411	$ -	$ (351,402)	$ 4,013,009	$ 179,096
2015 water revenue refunding	2,091,606	-	(139,015)	1,952,591	145,736
Water meter replacement loan	342,486	-	(48,281)	294,205	49,789
Pacific Premier Bank loan	-	3,210,040	(210,000)	3,000,040	210,000
Total bonds and loans payable	6,798,503	3,210,040	(748,698)	9,259,845	584,621
Compensated absences	36,958	42,585	(35,422)	44,121	44,121
Net pension liability	987,630	68,141	-	1,055,771	-
Other post-employment benefits	211,573	10,035	(105,915)	115,693	-
	$ 8,034,664	$ 3,330,801	$ (890,035)	$ 10,475,430	$ 628,742

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

The annual requirements to amortize the outstanding debt as of June 30, 2021, are as follows:

	Principal	Interest	Total
2022	$ 608,232	$ 196,609	$ 804,841
2023	809,796	222,914	1,032,710
2024	835,776	199,380	1,035,156
2025	862,930	175,035	1,037,965
2026	858,260	149,943	1,008,203
2027-2031	4,262,837	372,793	4,635,630
2032	245,994	4,082	250,076
	$8,483,825	$1,320,756	$ 9,804,581

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of $2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was $2,120,028 and $2,323,254 at June 30, 2021 and 2020, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to $7,499,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was $461,355 and $461,355 for the years ended June 30, 2021 and 2020, respectively. The total surcharge fee revenues were $526,072 and $525,183 for the years ended June 30, 2021 and 2020, respectively. The District is required to maintain net revenues at least 1.2 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2021 and 2020. Total principal and interest remaining to be paid on the Bonds was $4,110,243 and $4,571,598 at June 30, 2021 and 2020, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Pacific Premier Bank in the amount up to $4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was $316,597 and $270,312 for the years ended June 30, 2021 and 2020, respectively. The total surcharge fee revenues were $437,657 and 436,885 for the years ended June 30, 2021 and 2020, respectively. The District is required to maintain net revenues at least 1.25 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2021 and 2020. Total principal and interest remaining to be paid on the Bonds was $3,310,595 and $3,627,192 at June 30, 2021 and 2020, respectively.

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-Purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2021 and 2020.

NOTE 5: UNEARNED REVENUE

In August 2014, the District assigned the right to receive rental income on various cell tower leases for a period of 20 years to Wireless Capital Partners, LLC, in exchange for $985,101 of cash. The District is also entitled to receive 50% of any rental increases after the expiration of the current leases. The District will recognize the revenue from this agreement over a period of 20 years, or $49,255 annually. The balance of unearned revenue at June 30, 2021, was $656,542.

NOTE 6: NET POSITION

Restrictions: Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2021	2020
Debt service reserve on 2015 Water Revenue Refunding Bonds	$ 243,871	$ 243,871
Debt service reserve on State Loan	461,355	461,355
Total Cash and Investments	$ 705,226	$ 705,226

The restrictions for debt service represent debt service and other reserves required by the related debt covenants. The restriction for State Loan repayment represents surcharges collected under Ordinance No. 2009-03 passed by the Board in May 2009 to fund projects to comply with a State of California Department of Public Health Compliance Order and to repay the State Loan per the loan agreement.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description: The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. PERS require agencies with less than 100 active members in the plan to participate in the risk pool. All full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months, full-time equivalent, monthly pay. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by a contract with PERS and adopts those benefits through District resolution. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy: The District has two tiers of participants, classic and PEPRA. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRA plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2020/2021, 2019/2020, and 2018/2019 was 10.484%, 9.680%, and 8.892%, respectively. The required employer contribution rate for the PEPRA plan for fiscal year 2020/2021, 2019/2020, and 2018/2019 was 7.732%, 6.985%, and 6.842%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District's contributions for the years June 30, 2021, 2020, and 2019, were $631,713, $119,688, and $137,446, respectively, which were equal to the required contributions each year.

At June 30, 2021, the District reported a liability of $1,117,944 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate – 7.0%
- Investment Rate – 7.0%
- Inflation Rate – 2.5%
- Salary Increases – Varies by Entry Age and Service
- COLA Increases – up to 2.5%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2018.

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years > 10(b)
Global equity	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation sensitive	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.00%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate		
	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Plan's net pension liability	$ 1,746,651	$ 1,117,944	$ 598,463

For the fiscal year ended June 30, 2021, the District recognized a pension expense of $211,262 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ -	$ 7,974
Differences between expected and actual experience	57,611	-
Differences between projected and actual investment Earnings	33,210	-
Differences between employer's contributions and Proportionate share of contributions	313	30,541
Change in employer's proportion	6,261	762
Pension contributions made subsequent to Measurement date	631,713	-
Totals	$ 729,108	$ 39,277

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

$631,713 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	$ 4,096
2023	21,722
2024	16,371
2025	15,929
Totals	$ 58,118

Detailed information about the pension fund's fiduciary net position is available in the separately issued PERS comprehensive annual financial report which may be obtained by contacting PERS.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Plan Description: The District administers a single-employer, defined-benefit, postemployment healthcare plan. The District's retiree healthcare benefit is not subject to the Public Employees' Medical & Hospital Care Act (PEMHCA) and the plan does not issue a stand-alone financial report. The District provides funding in varying amounts to eligible retirees to assist eligible retirees with their cost of maintaining healthcare insurance. Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to $600/month for retiree and $800/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of $600/month for retiree and $800/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Share	Retiree Share
0 - 9.9	0% ($0/$0)	100%
10	50% ($300/$400)	50%
11	55% ($330/$440)	45%
12	60% ($360/$480)	40%
13	65% ($390/$520)	35%
14	70% ($420/$560)	30%
15	75% ($450/$600)	25%
16	80% ($480/$640)	20%
17	85% ($510/$680)	15%
18	90% ($540/$720)	10%
19	95% ($570/$760)	5%
20+	100% ($600/$800)	0%

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

Plan Description: (continued)

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013: Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of $300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to $300/month for the retiree only.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement.

One retired General Manager is receiving District-paid benefits of $300/month until age 65. One retired management employee is receiving benefits being provided according to special arrangements not expected to be repeated in the future. The retired management employee is receiving District-paid benefits equal to elected healthcare coverage; the retired management employee is receiving District-paid benefits not to exceed $1,050 per month for retiree and spouse coverage.

Current Board members and the General Manager will not be entitled to District-paid retiree health benefits upon retirement.

Plan membership as of July 1, 2020, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	9

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2021 were $36,200.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY - CONTINUED

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.80 percent for 2021; 5.70 percent for 2022; 5.60 percent for 2023; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	40%	5.5%
U.S. Fixed	43%	1.5%
TIPS	5%	1.2%
Real Estate	8%	3.7%
Commodities	4%	0.6%

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY - CONTINUED

Discount rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2020	June 30, 2020	5.75%	2.45%	5.75%
June 30, 2021	June 30, 2021	5.75%	1.92%	5.75%

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2021 for the District.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2019	$ 228,034	$ 16,461	$ 211,573
Changes recognized for the service period:			
Service cost	1,179	-	1,179
Interest	8,856	-	8,856
Difference between expected and actual experience	(57,042)	-	(57,042)
Changes of assumptions	(9,986)	-	(9,986)
Employer contributions	-	36,563	(36,563)
Net investment income	-	2,324	(2,324)
Benefit payments	(16,563)	(16,563)	-
Net Changes	(73,556)	22,324	(95,880)
Balance at June 30, 2020	$ 154,478	$ 38,785	$ 115,693
Changes recognized for the service period:			
Service cost	$ 1,213	-	$ 1,213
Interest	8,493	-	8,493
Employer contributions	-	36,200	(36,200)
Net investment income	-	7,803	(7,803)
Administrative and trustee expenses	-	(37)	37
Benefit payments	(16,200)	(16,200)	-
Net Changes	(6,494)	27,766	(34,260)
Balance at June 30, 2021	$ 147,984	$ 66,551	$ 81,433

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current discount rate:

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability	$ 90,930	$ 81,433	$ 72,768

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.90 percent decreasing to 4.00 percent) or 1- percentage-point higher (6.90 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	Healthcare Cost Trend - 1%	Healthcare Cost Trend Assumed	Healthcare Cost Trend + 1%
Net OPEB liability	$ 78,828	$ 81,433	$ 83,428

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 43,460
Change in assumptions	-	25,463
Differences between projected and actual return on plan investments	-	5,097
Totals	$ -	$ 74,020

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The amortization period for the change in assumptions is 8.0 years.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	$ (13,762)
2023	(13,762)
2024	(13,459)
2025	(12,081)
2026	(9,788)
2027	(7,980)
2028	(3,188)
Totals	$ (74,020)

Net OPEB Expense

For the year ended June 30, 2021, the District's OPEB expense was $(6,372). Detail of the expense is shown below:

Service cost	$ 1,213
Interest cost	8,493
Expected return on assets	(2,316)
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,791)
Changes of assumptions	(5,630)
Differences between projected and actual experience	(1,341)
Total recognition of deferred outflows and inflows	(13,762)
Net OPEB Expense	$ (6,372)

NOTE 9: INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public official's liability, employment practices liability, property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which the group purchases commercial excess insurance.

NOTE 9: INSURANCE – CONTINUED

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA Self-Insured Retention	Re-Insurance/Excess Commercial Insurance	Deductible
Liability – General, Auto, & Public Officials Errors & Omissions	$ 5,000,000	$ 5,000,000 - 55,000,000	None
Property Program	100,000	2,500,000 - 500,000,000	$1,000 - $100,000
Crime Program	100,000	n/a	$1,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: COVID-19

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proven to be extremely virulent. Although the financial impact on the District thus far has been minimal, the long-term economic impact on its operations has not yet been determined. Therefore, any potential impact on its financial position or results of operations is not yet known.

NOTE 11: SUBSEQUENT EVENT

Management has evaluated subsequent events through October 19, 2021, the date which the financial statements were available to be issued. Based upon this evaluation, except for the unknown impact of the COVID-19 pandemic discussed in Note 10 above, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Required Supplementary Information
Pensions
June 30, 2021

Rio Linda/Elverta Community Water District – Schedule of the District's proportionate share of the Net Pension Liability:

Last 10 Fiscal years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Proportion of the net pension liability	0.02825%	0.02825%	0.02490%	0.02599%	0.02621%
Proportionate share of the net pension liability	$611,042	$611,042	$902,961	$1,033,555	$987,630
Covered payroll	377,098	377,098	516,107	523,983	605,031
Proportionate share of the net pension liability as a percentage of its covered payroll	162.04%	162.04%	174.96%	197.25%	163.24%
Plan Fiduciary net position as a percentage of the total pension liability	78.76%	78.76%	81.32%	75.87%	77.02%

Measurement Date	June 30, 2019	June 30, 2020
Proportion of the net pension liability	0.02637%	0.02650%
Proportionate share of the net pension liability	$1,055,771	$1,117,944
Covered payroll	567,137	634,435
Proportionate share of the net pension liability as a percentage of its covered payroll	186.16%	176.21%
Plan Fiduciary net position as a percentage of the total pension liability	75.81%	77.71%

CALPERS - Schedule of District contributions:

Report Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Actuarially determined contribution	$ 70,003	$ 70,003	$ 95,128	$ 118,924	$ 126,796
Contributions in relation to the actuarially determined contribution	70,003	70,003	95,128	118,924	126,796
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 377,098	$ 516,107	$ 523,983	$ 605,031	$ 567,137
Contributions as a percentage of covered payroll	18.56%	13.56%	18.15%	19.66%	22.36%

Report Date	June 30, 2020	June 30, 2021
Actuarially determined contribution	$ 137,446	$ 131,713
Contributions in relation to the actuarially determined contribution	137,446	631,713
Contribution deficiency (excess)	$ -	$ (500,000)
District's covered payroll	$ 634,435	$ 667,672
Contributions as a percentage of covered payroll	21.66%	94.61%

* Fiscal year ended June 30, 2015 was the first year of implementation.
Additional years will be presented as they become available.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Required Supplementary Information
Other Post-Employment Benefits
June 30, 2021

Last 10 Fiscal years*

	2018	2019	2020	2021
Net OPEB liability				
Service cost	$ 1,739	$ 1,649	$ 1,179	$ 1,213
Interest	8,526	9,099	8,856	8,493
Plan contributions	(21,017)	(38,534)	(36,563)	(36,200)
Investment earnings	-	(105)	(2,324)	(7,803)
Administrative and trustee expenses	-	-	-	37
Differences between expected and actual experienc	-	-	(57,042)	-
Change in assumptions	(9,723)	(22,885)	(9,986)	-
Net change in Net OPEB liability	(20,475)	(50,776)	(95,880)	(34,260)
Net OPEB liability - beginning	282,824	262,349	211,573	115,693
Net OPEB liability - ending	$ 262,349	$ 211,573	$ 115,693	$ 81,433
Covered payroll	$ 604,181	$ 668,161	$ 703,736	$ 724,458
Net OPEB liability as a percentage of covered	43.42%	31.66%	16.44%	11.24%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	7.22%	25.11%	44.97%

* Fiscal year ended June 30, 2018 was the first year of implementation.
Additional years will be presented as they become available.

Items for Discussion and Action
Agenda Item: 4.4

Date: November 15, 2021

Subject: State Water Resources Control Board (SWRCB) Arrearages Program Requirements

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee forwarded this item onto the November 15th Board agenda. The Committee did not formally express a recommendation for Board action.

Current Background and Justification:

The SWRCB position continues to include social equity idealism as a required prerequisite for funding. Participants must waive late fees. I participated in the SWRCB Arrearages workshop, and I provided the limitations for public water districts (contrasted to investor-owned utilities). The SWRCB staff was undeterred by my feedback. I also reached out to California Special Districts Association (CSDA), but I did not receive any response.

As confirmed by Legal Counsel at the October 18th Board meeting, various statutory provisions and restrictions prohibit public water agencies from re-allocating the cost of providing service to those customers who did not receive the service, e.g., late notice, delinquency notice and shut off notice. It is reasonable to foresee that the media and SWRCB et al will ramp up outreach and campaigning for their $1 billion arrearages program. RLECWD delinquent customers may foreseeably request an explanation of non-participation.

The Executive Committee discussed their disappointment in the SWRCB Arrearages Program Requirements. The Committee further discussed the contradistinction between the SWRCB Arrearages program and the income dependent rent and utilities assistance funding through the Sacramento Housing and Redevelopment Agency (SHRA). Accordingly, the Committee directed staff to include information in the District's newsletter regarding the SHRA program.

Conclusion:

I recommend the Board of Directors confirm the infeasibility of participating in the SWRCB Arrearages program, thereby redirecting emphasis on the SHRA rent and utilities assistance program.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Green:_____Gifford:_____Reisig:_____
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

*** CALIFORNIA CONSTITUTION - CONS**

ARTICLE XIII D [ASSESSMENT AND PROPERTY-RELATED FEE REFORM] [SECTION 1 - SEC. 6]

(Article 13D added Nov. 5, 1996, by Prop. 218. Initiative measure.)

SEC. 6.

Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

SACRAMENTO EMERGENCY RENTAL ASSISTANCE

SERA2

SHRA SACRAMENTO SACRAMENTO COUNTY

COVID-19 EMERGENCY RENT & UTILITIES ASSISTANCE PROGRAM

In response to the COVID-19 pandemic, the Sacramento Housing and Redevelopment Agency, in partnership with the City and the County of Sacramento, is offering **emergency rent and utilities assistance** for renters impacted by COVID-19.

APPLICATION PERIOD

May 11, 2021 onwards

www.shra.org/sera

ELIGIBILITY CRITERIA:

- Rent your home in the City or County of Sacramento
- Have experienced job loss or financial hardship due to COVID-19
- Behind in rent and/or utilities or inability to remain current on rent
- Current gross household income must be at or below low income limits

GROSS HOUSEHOLD LOW INCOME LIMITS								
Household of	1	2	3	4	5	6	7	8
Low Income	$50,750	$58,000	$65,250	$72,500	$78,300	$84,100	$89,900	$95,700

HOW TO APPLY:

- Apply online at www.shra.org/sera from Tuesday, May 11, 2021 onwards. The application period is not closing at this time.
- Community organizations that can assist you with the application process are listed at www.shra.org/sera.
- Both landlords and renters can apply.

If you submitted an application during the first opening (February 25 - March 19, 2021), please do not re-apply again. You can check your status at www.shra.org/sera. Use your original log in for access.

For program details, go to **www.shra.org/sera.** Email: **sera@shra.org**

This project is being supported in whole or in part, with federal funding (Assistance Listing Number 21.023) awarded to the City and County of Sacramento and the State of California by the U.S. Department of the Treasury.

SECTION A: ELIGIBILITY

The following are eligible for funding:

- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period are eligible for the Program.This includes community water systems that transferred arrearage debt to a third-party such as a county under a Teeter Plan or a debt collection entity.
- Community water systems that collect revenue through property tax rolls are also eligible.
- Community water systems that accrued residential and commercial customer arrearages during the COVID-19 pandemic bill relief period and used a customer assistance program for that arrearage.

SECTION B: PROGRAM REQUIREMENTS

Water systems that participate in the Program must:

- Waive customer late fees for any arrearages accrued during the COVID-19 pandemic bill relief period in their entirety;
- Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
- Notify customers of the amount credited, and if splitting the credit between tax years, when the second credit will be applied;
- Offer to enroll customers with remaining debt into a payment plan by direct notification to each customer;
- Allow customers 30 days to enroll in a payment plan;
- Not discontinue water service until the customer defaults on the payment plan or misses the deadline to enroll in the payment plan;
- Not discontinue water service prior to the date established in 116733.4 (e)(2)(A);
- Comply with all terms and conditions of payment; and
- Report on expenditures and customer credits.

More detail on Program requirements is provided below.

Participating water systems that do not comply with Program requirements may be subject to enforcement actions by the Division of Drinking Water and may be required to return moneys to the State Water Board.

Items for Discussion and Action
Agenda Item: 4.5

Date: November 15, 2021

Subject: Engagement of 2020 Urban Water Management Plan (UWMP) Professional Services Provider

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

The Executive Committee was not asked for a recommendation because the status of this item continued to develop after the November 1st Executive Committee meeting.

Current Background and Justification:

The November 1st Executive Committee discussed the results of the Request for Proposals process, wherein the District received only one response. Further, the cost schedule total of $90,000 from the sole respondent was significantly more than the District has budgeted. Staff conveyed to the November 1st Executive Committee ideas to find additional options.

Subsequent to the November 1st Executive Committee, the General Manager procured a proposal from a sufficiently qualified and experienced professional services provider to prepare a 2020 UWMP for $70,000. The General Manager further obtained a copy of a neighboring, similarly sized water agency engagement for preparing a 2020 UWMP for $58,000. All of these comparisons are for well-qualified and experienced professional service providers. All of these comparisons are relevant for establishing a finding of "reasonable cost" for the services to be provided.

Prior to the District commencing a Request for Proposals process, EKI Environment and Water Inc. (EKI) , the firm currently engaged with the District for Contract District Engineering service, indicated their willingness and considerable experience in preparing UWMPs. The EKI engagement for preparing the 2020 UWMP could be via the existing contract, task order process. In response, the Board directed staff to commence the Request for Proposals process. The authority to now proceed with the task order for 2020 UWMP would need to be approved by the RLECWD Board of Directors.

Summary of cost options:

Sole Respondent to RFP	$90,000
Proposal Subsequent to RFP	$70,000
Neighboring, Similar Water Agency Recent Engagement	$58,000
EKI via Task Order	$50,000

The EKI Draft Task Order is included with the documents associated with this item.

Conclusion:

I recommend the Board authorize the engagement with EKI Environment and Water Inc. via the Task Order and fee schedule associated with this item, and further direct staff to reject the sole response to the Request for Proposals process.

If the Board prefers to forgo preparation of the Districts 2020 UWMP, thereby accepting ineligibility for grants and loans, and any other consequences developed by relevant regulatory authority, no Board action is necessary.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

TASK ORDER 2021-04

This Task Order is entered into on this 15th day of November 2021, by the Rio Linda/Elverta Community Water District (District) and EKI Environment & Water, Inc. (Consultant).

1. Subject:

   2020 Urban Water Management Plan (UWMP)

2. Reference:

   This Task Order, when signed by the District, serves as authorization for the Consultant to provide the services described herein to the District in accordance with the Agreement between the District and Consultant (Agreement) entered into by both parties as approved by the District Board on 19 November 2018 and formally executed on 17 December 2018. The services provided under this Task Order shall be in accordance with the Terms and Conditions set forth in the Agreement. Staff hourly rates shall be pursuant to the enclosed Schedule of Charges for EKI Environment & Water, Inc. dated 2 January 2021.

3. Special Conditions:

   None.

4. Project Information:

   The District requests the Consultant develop the 2020 Urban Water Management Plan which shall be a precise and systemic evaluation conducted in full compliance with the California Urban Water Management Planning Act, as codified in Section 10610 et.seq., of the California Water Code ("Act") and the Department of Water Resources' (DWR) 2020 Urban Water Management Plan Guidebook for Water Suppliers (DWR Guidebook). The UWMP shall provide the District with analytical data and detailed recommendations in order to meet the above-mentioned regulations and statutory requirements.

5. Sub-Consultants:

   None

6. Scope of Services:

   Task 1 – Project Management and Coordination
   The Consultant shall attend a virtual project kick-off meeting with District staff to discuss project parameters, scheduling constraints, and other relevant information regarding services required to develop the 2020 UWMP. An overall project schedule shall be reviewed, revised and updated by the Consultant.

   Task 1 Deliverables:
   - Project kick-off meeting, with agenda and meeting notes
   - Detailed data request
   - Task-based project schedule, updated as needed
   - Monthly invoices and task-based progress status reports

TASK ORDER 2021-04

Task 2 – Prepare Water Supply and Demand Assessment
This task consists of collecting and reviewing pertinent information needed to prepare the 2020 UWMP and summarizing the key results for presentation to District staff.

The following items shall be included:

i. Water System Descriptions: characteristics of the District's water service area including the water system, average rainfall, average temperature, demographics, water use sectors, and service area.
ii. Current and Future Population projections.
iii. Water Supply and Reliability Estimates: water supply will be analyzed in five-year increments for the next 25 years for both normal conditions and an extended five-year drought period. The 2020 UWMP will incorporate information regarding the source, nature and projected availability of the District's current water supply.
iv. Current and Future Water Demand Estimates: demand projections by customer classes, including distribution system losses, in five-year increments through 2045.
v. Senate Bill X7-7 Per-Capita Water Usage Analysis: Compare current and historic water demands to the SBX7-7 baseline and targets to determine compliance.
vi. Evaluation of Supply Versus Demand: Compare the District's projected water supply to projected water demand in five-year increments for the next 25 years, for normal years and for an extended five-year drought period.

Task 2 Deliverables:

- Draft description of current and future water projects
- Draft supply projections including descriptions of methodology and water source quality, availability, and reliability
- Draft supply versus demand projection comparisons

Task 3 – Water Shortage Contingency Planning and Water Conservation Information
This task includes water shortage contingency planning and water conservation information.

The following items shall be included:

i. Water Shortage Contingency Plan (WSCP): Update the District's WSCP to benefit from lessons learned during the recent drought, assesses options to reduce water demands under projected dry-year scenarios, and meets the additional requirements under the SWRCB's Emergency Drought Regulations, and recent *Making Water Conservation a California Way of Life* (AB-1668/SB-606). The WSCP shall include items as required per CWC §10632.
ii. Drought Risk Assessment: Establish and document procedures for conducting an annual water supply and demand assessment, including identification of the data sources used and a written decision making process that the District will use each year to determine its water supply reliability.
iii. Evaluation of Historic, Current and Projected Future Water Conservation: Based on the revised Demand Management Measure (DMM) framework required per Assembly Bill 2067 and CWC §10632.

Task 3 Deliverables:

- Water Shortage Contingency Plan
- Drought Risk Assessment
- Demand Management Measures

TASK ORDER 2021-04

Task 4 – Prepare and Submit Administrative Draft and Final 2020 UWMP
This task includes the preparation of the written UWMP documents for the District and public review, incorporation of feedback, and subsequent preparation and submission of a final 2020 UWMP.

The following items shall be included:

i. Administrative Draft UWMP: Provide the District with one (1) electronic Administrative Draft for review. Incorporate District edits and refinements into the Public Draft UWMP.

ii. Public Draft UWMP: Provide two (2) paper copies of the Public Draft UWMP for public comment, and four (4) bound paper copies and one electronic PDF version of the Public Draft UWMP for the District. Discuss comments received by the District as a result of external review and modify the Public Draft UWMP under District direction.

iii. Preparation and Filing of Final UWMP: Modify the Public Draft UWMP under direction of the District, incorporating comments received from the public and board hearing to develop the Final 2020 UWMP. Provide the District four (4) paper copies of the final 2020 UWMP; Electronic file in Adobe PDF format; and Electronic files in Word and Excel formats of the Final 2020 UWMP.

Task 4 Deliverables:

- Administrative Draft UWMP (1 electronic copy)
- Public Draft UWMP (4 hard copies for the District and 2 additional hard copies for public review, 1 electronic [PDF] copy)
- Final UWMP (4 hard copies, 2 electronic copies [PDF and Word versions])
- Final UWMP submittal to DWR
- Address any DWR comments, prepare and submit errata, if necessary

Task 5 – Public Outreach
This task includes support to the District for public input on the UWMP including attending and presenting at up to three (3) District Board of Directors meetings and/or public hearings.

Task 5 Deliverables:

- Meeting agendas and minutes
- Presentation materials (e.g., handouts and presentations)

7. Schedule: Work is anticipated to be completed by June 30, 2022.

TASK ORDER 2021-04

8. Compensation:

Services under this Task Order shall be provided as:

☒ Time and Materials, Not to Exceed (Total Estimated Fee shall not be exceeded without the prior written consent of the District)

☐ Lump Sum (Total Estimated Fee shall be the Lump Sum amount)

The Total Estimated Fee is $50,000.00 as detailed below:

Position	Rate ($/hr.)	Hours	Total Cost ($)
Engineer-Scientist, Grade 5	$139	147	$20,433.00
Supervising II, Engineer-Scientist	$265	80	$21,200.00
Officer & Chief, Engineer-Scientist	$295	28	$8,260.00
Labor Subtotal			**$49,893.00**

Description	Total Cost ($)
Mileage and document production	$107.00
Reimbursable Subtotal	**$107.00**

9. Signatures:

IN WITNESS WHEREOF, the parties hereby execute this Task Order upon the terms and conditions stated in the above referenced Agreement.

Rio Linda/Elverta Community Water District		EKI Environment & Water, Inc.	
Signature:	_____	Signature:	_____
Print Name:	Timothy R. Shaw	Print Name:	Anona Dutton, PG, CHg
Title:	General Manager	Title:	Vice President
Date:	_____	Date:	_____

10. Amplified Instructions and Comments:

This Task Order may be suspended at any time prior to Consultant's submittal of deliverables.

Client/Address: **RL/ECWD 2020 UWMP**
Attn: Timothy R. Shaw
730 L Street
Rio Linda, CA 95673

Proposal/Agreement Date: 15 November 2021

EKI Proposal/Project # C1-072

SCHEDULE OF CHARGES FOR EKI ENVIRONMENT & WATER, INC. **2 January 2021**

Personnel Classification	Hourly Rate
Officer and Chief Engineer-Scientist	295
Principal Engineer-Scientist	285
Supervising I, Engineer-Scientist	275
Supervising II, Engineer-Scientist	265
Senior I, Engineer-Scientist	255
Senior II, Engineer-Scientist	245
Associate I, Engineer-Scientist	235
Associate II, Engineer-Scientist	221
Engineer-Scientist, Grade 1	206
Engineer-Scientist, Grade 2	194
Engineer-Scientist, Grade 3	178
Engineer-Scientist, Grade 4	159
Engineer-Scientist, Grade 5	139
Engineer-Scientist, Grade 6	123
Technician	112
Senior GIS Analyst	144
CADD Operator / GIS Analyst	128
Senior Administrative Assistant	141
Administrative Assistant	111
Secretary	92

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost plus five percent (5%) for items such as:

a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
c. Rented vehicles, local public transportation and taxis, travel and subsistence.
d. Special fees, insurance, permits, and licenses applicable to the work.
e. Outside computer processing, computation, and proprietary programs purchased for the work.

~~A Communication charge for e-mail access, web conferencing, cellphone calls, messaging and data access, file sharing, local and long distance telephone calls and conferences, facsimile transmittals, standard delivery U.S. postage, and incidental in-house copying will be charged at a rate of 4% of labor charges.~~ Large volume copying of project documents, e.g., bound reports for distribution or project-specific reference files, will be charged as a project expense as described above.

Reimbursement for company-owned automobiles, except trucks and four-wheel drive vehicles, used in connection with the work will be at the rate of sixty cents ($0.60) per mile. The rate for company-owned trucks and four-wheel drive vehicles will be seventy-five cents ($0.75) per mile. There will be an additional charge of thirty dollars ($30.00) per day for vehicles used for field work. Reimbursement for use of personal vehicles will be at the federally allowed rate plus fifteen percent (5%).

CADD Computer time will be charged at twenty dollars ($20.00) per hour. In-house material and equipment charges will be in accordance with the current rate schedule or special quotation. Excise taxes, if any, will be added as a direct expense.

Rate for professional staff for legal proceedings or as expert witnesses will be at a rate of one and one-half times the Hourly Rates specified above.

The foregoing Schedule of Charges is incorporated into the Agreement for the Services of EKI Environment & Water, Inc. and may be updated annually.

Items for Discussion and Action
Agenda Item: 4.6

Date: November 15, 2021

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

Staff Contact: Timothy R. Shaw

Recommended Committee Action:
N/A

Current Background and Justification:

District policy and various statutes stipulate Board approval of any Board Member assignments.

I believe the Board has previously, perpetually authorized the funding and participation in the Sacramento Groundwater Authority annual holiday social. However, there has not been any such event and/or District participation for the past few years.

Conclusion:

I recommend the Board consider approving any specific nominations and assignments as may be deemed necessary and appropriate.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____Gifford____Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Annual Holiday Social

Thursday,
December 9, 2021
at the
Blue Line Arts

405 Vernon Street, STE 100
Roseville, CA 95678

6:00 - 8:00 p.m. Cocktails
& Hors d'oeuvres
(No Host Bar)
8:00 - 9:00 p.m. Dessert

Spouses & Guests Welcome

Free parking garage located next to Blue Line Arts.

Presentation of the Regional Water Authority Distinguished Service, Water Statesperson of the Year, and Regional Management Awards

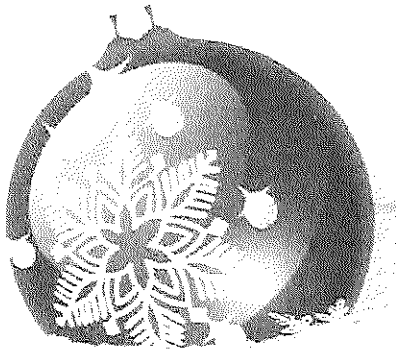
Final Deadline to Respond:
Wednesday, December 1, 2021
No Exceptions

Return this portion
with payment to:

Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692

RWA
Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

SGA



Please complete and return
with payment to:
Regional Water Authority
by Wednesday, December 1, 2021

Name(s): _____

_____

_____

_____

_____

_____

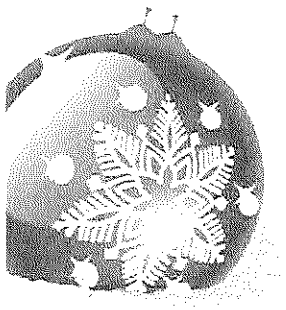
_____

Organization: _____

_____

Cost:
$35 per person

Mail to:
Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692



Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610

You Are Cordially Invited to Attend

the

Regional Water Authority

and

Sacramento Groundwater Authority

Annual Holiday Social

Thursday, December 9, 2021

Information Items
Agenda Item: 5.1

Date: November 15, 2021

Subject: District Reports

Staff Contact: Timothy R. Shaw, General Manager

1. DISTRICT ACTIVITY REPORT

1. Water Operations Report
2. Leak Repair Status Report
3. Completed and Pending Items Report
4. Conservation Report
5. Downey Brand LLC Article on Vacaville Hexavalent Chromium RCRA Ruling
6. Sacramento Regional Utilities Collaboration Study Phase 3 Report

RIO LINDA/ELVERTA C.W.D. 2021

REPORT OF DISTRICT OPERATIONS

SOURCE WATER DATA

Water Production (Million Gallons)

January	February	March	April	May	June	Year To Date
39.9	35.2	47.9	75.8	106.6	121.9	
39,900,384	35,233,381	47,855,206	75,774,182	106,611,124	121,894,350	
July	August	Sept.	Oct.	Nov.	Dec.	
126.8	110.9	99.4	68.5			832.90
126,848,184	110,917,486	99,418,500	68,484,974			

			Monthly Total		
Gallons =	Multiply M.G. by:	1,000,000	68,484,974	Gallons	832,937,771
Cubic Feet =	Divide gallons by:	7.48	9,155,745	Cubic Feet	111,356,317
Hundred Cu Ft. =	Divide cu. ft. by:	100	91,557	Hundred Cubic Feet	1,113,563
Acre Ft.=	Divide gallons by:	325,829	210.19	Acre Ft.	2,556

DISTRIBUTION SYSTEM DATA

Water Quality Complaints Complaints Total (Low Psi Complaints)

January	February	March	April	May	June	Year To Date
2 (2)	1 (1)	0	0	4 (4)	3 (1)	
July	August	Sept.	Oct.	Nov.	Dec.	
1 (1)	1 (1)	3 (3)	0			15

New Services

New Construction	2	6
Existing Homes	0	0
Paid prior to increase. (2 not installed)	0	0
Total of Service Connections to Date ---------->		4648

Distribution System Failures/Repairs

Deterioration October 1 thru 31	7	71
Damaged October 1 thru 31	0	3

Bacteriological Sampling

Routine Bacteriological Samples (Distribution System)	172	156
Raw Water Bacteriological Samples (at Wells)	1	38

October 1, 2021 - October 31, 2021

7 - Distribution leaks repaired by District staff, 0 - by Contractor or with Contractor assistance.

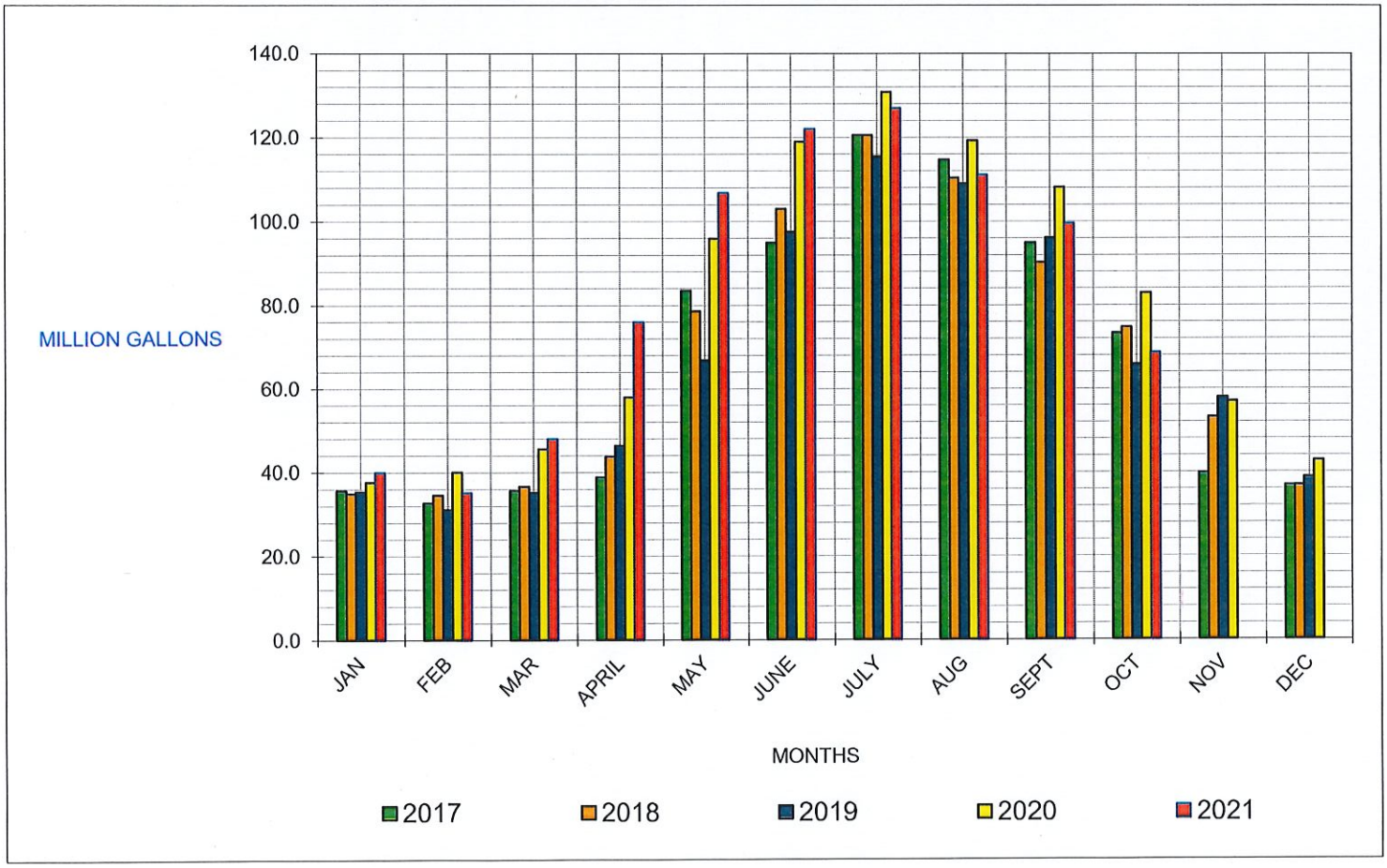
Work Orders Issued - 37	Work Orders Completed - 59	USA's Issued - 118
Repair or Replace Box - 1	Change Out Meter - 24	
Change Out Meter - 1	Conservation - 2	
Conservation - 2	Flow Test - 2	
Flow Test - 2	Get Current Read - 1	
Get Current Read - 1	Install New Service - 2	
Possible Leak - 13	Other Work - 1	
Reconnect Service - 1	Possible Leak - 13	
Repair - 1	Repair - 1	
Re-Install Meter - 1	Re-Install Meter - 1	
Tag Property - 7	Tag Property - 7	
Turn Off Service - 6	Turn Off Service - 4	
Turn On Service - 1	Turn On Service - 1	

RIO LINDA/ELVERTA C.W.D.

WATER PRODUCTION

2017 \ 2021

Water Production in Million Gallons							SSWD Water Purchases				
Month	2017	2018	2019	2020	2021	Avg.	2017	2018	2019	2020	2021
JAN	35.6	34.8	35.3	37.6	39.9	36.6	0.0	0.0	0.0	0.0	0.0
FEB	32.7	34.5	31.1	40.0	35.2	34.7	0.0	0.0	0.0	0.0	0.0
MAR	35.6	36.5	35.1	45.5	47.9	40.1	0.0	0.0	0.0	0.0	0.0
APRIL	38.8	43.7	46.3	57.9	75.8	52.5	0.0	0.0	0.0	0.0	0.0
MAY	83.4	78.5	66.8	95.9	106.6	86.2	0.0	0.0	0.0	0.0	0.0
JUNE	94.9	102.9	97.5	118.9	121.9	107.2	0.0	0.0	0.0	0.0	0.0
JULY	120.5	120.5	115.4	130.7	126.8	122.8	0.0	0.0	0.0	0.0	0.0
AUG	114.6	110.3	108.9	119.2	110.9	112.8	0.0	0.0	0.0	0.0	0.0
SEPT	94.9	90.1	96.1	108.1	99.4	97.7	0.0	0.0	0.0	0.0	0.0
OCT	73.2	74.7	65.8	82.8	68.5	73.0	0.0	0.0	0.0	0.0	0.0
NOV	39.7	53.1	57.8	56.9		51.9	0.0	0.0	0.0	0.0	
DEC	36.7	36.8	38.7	42.7		38.7	0.0	0.0	0.0	0.0	
TOTAL	800.6	816.4	794.8	936.2	832.9	837.0	0.0	0.0	0.0	0.0	0.0



2021 Leak - Repair Tracking

	Work Order #	Leak Type	Street	Date Reported	Date Repaired	Days
1	22401	Service Line	Dry Creek Rd	1/5/2021	1/5/2021	1
2	22404	Service Line	24th Street	1/7/2021	1/7/2021	1
3	22459	Service Line	Silver Crest Circle	1/26/2021	1/28/2021	2
4	22487	Service Line	Kenora St	3/3/2021	3/8/2021	5
5	22488	Service Line	I Street	3/4/2021	3/8/2021	4
6	22540	Service Line	Silver Glen Wy	3/25/2021	3/25/2021	1
7	22543	Service Line	W 2nd Street	3/29/2021	4/12/2021	15
8	22545	Service Line	I Street	4/6/2021	4/6/2021	1
9	22550	Service Line	I Street	4/8/2021	4/14/2021	6
10	22552	Service Line	G Street	4/13/2021	4/14/2021	2
11	22565	Service Line	Fallon Woods Way	4/26/2021	4/26/2021	1
12	22567	Service Line	Lilac Ln	4/29/2021	5/3/2021	4
13	22568	Service Line	Silver Sky Ct	4/30/2021	5/3/2021	3
14	22570	Service Line	Silver Glen Wy	4/30/2021	5/5/2021	5
15	22572	Service Line	Lilac Ln	5/4/2021	5/11/2021	7
16	22581	Service Line	C Street	5/12/2021	5/26/2021	14
17	22582	Service Line	6th Street	5/13/2021	5/25/2021	12
18	22583	Service Line	22nd Street	5/13/2021	5/19/2021	6
19	22584	Service Line	Q Street	5/17/2021	5/25/2021	8
20	22591	Service Line	G Street	5/18/2021	5/18/2021	1
21	22569	Main	Silver Glen Wy	6/17/2021	6/17/2021	1
22	22579	Service Line	Dabney Wy	5/10/2021	6/14/2021	34
23	22627	Service Line	24th Street	5/26/2021	6/17/2021	21
24	22650	Service Line	C Street	6/14/2021	6/22/2021	8
25	22654	Service Line	G Street	6/15/2021	6/15/2021	1
26	22656	Service Line	5th Street	6/16/2021	6/16/2021	1
27	22660	Service Line	24th Street	6/21/2021	6/22/2021	2
28	22663	Service Line	Vickery Ct	6/23/2021	6/23/2021	1
29	22640	Service Line	Rio Linda Blvd	6/3/2021	6/24/2021	21
30	22644	Service Line	22nd Street	6/8/2021	6/11/2021	3
31	22664	Service Line	8th Ave	6/24/2021	6/30/2021	6
32	22667	Service Line	Jaimie Ct	6/29/2021	7/2/2021	4
33	22672	Service Line	8th Street	7/1/2021	7/1/2021	1
34	22673	Service Line	K Street	7/5/2021	7/5/2021	1
35	22674	Service Line	Withington Ave	7/6/2021	7/15/2021	9
36	22677	Service Line	Eloise Ave	7/6/2021	7/6/2021	1
37	22689	Service Line	26th Street	7/13/2021	7/13/2021	1
38	22693	Service Line	W 2nd Street	7/16/2021	7/21/2021	5
39	22695	Service Line	Castle Creek Wy	7/21/2021	7/22/2021	1
40	22699	Main	W Delano	7/21/2021	7/21/2021	1 Hr
41	22743	Service Line	26th Street	7/28/2021	7/28/2021	1
42	22702	Service Line	Milldale Circle	7/26/2021	8/3/2021	8
43	22703	Service Line	K Street	7/26/2021	8/17/2021	22

44	22739	Service Line	22nd Street	7/28/2021	8/4/2021	7
45	22740	Service Line	Milldale Circle	7/28/2021	8/3/2021	8
46	22741	Service Line	Silver Park Ave	7/28/2021	8/5/2021	8
47	22744	Service Line	26th Street	7/28/2021	8/4/2021	7
48	22756	Service Line	O Street	8/3/2021	8/9/2021	6
49	22760	Service Line	G Street	8/9/2021	8/11/2021	3
50	22762	Service Line	Q Street	8/10/2021	8/10/2021	1
51	22763	Service Line	O Street	8/16/2021	8/19/2021	3
52	22764	Service Line	Q Street	8/16/2021	8/25/2021	9
53	22765	Service Line	I Street	8/16/2021	8/16/2021	1
54	22769	Service Line	I Street	8/17/2021	8/26/2021	9
55	22774	Main	7th Street	8/18/2021	8/18/2021	1
56	22777	Service Line	Beamer Way	8/19/2021	8/19/2021	1
57	22779	Service Line	24th Street	8/20/2021	8/24/2021	4
58	22780	Service Line	I Street	8/23/2021	9/1/2021	9
59	22785	Service Line	Rio Linda Blvd	8/26/2021	9/1/2021	6
60	22786	Service Line	20th Street	8/30/2021	8/31/2021	1
61	22789	Service Line	M Street	8/31/2021	8/31/2021	1
62	22795	Service Line	Hayer Circle	9/7/2021	9/8/2021	1
63	22804	Service Line	Milldale Circle	9/14/2021	9/24/2021	14
64	22811	Service Line	16th Street	9/20/2021	9/30/2021	10
65	22812	Service Line	26th Street	9/20/2021	9/29/2021	9
66	22821	Service Line	Hayer Circle	9/20/2021	9/27/2021	7
67	22860	Service Line	Dry Creek Rd	9/28/2021	9/28/2021	1
68	22862	Service Line	W. Elverta Rd	9/30/2021	10/6/2021	6
69	22865	Service Line	24th Street	10/5/2021	10/5/2021	1
70	22867	Service Line	Elkhorn Blvd	10/6/2021	10/6/2021	1
71	22868	Service Line	E Street	10/4/2021	10/4/2021	1
72	22871	Service Line	I Street	10/11/2021	10/14/2021	3
73	22872	Service Line	2nd Street	10/11/2021	10/11/2021	1
74	22874	Service Line	24th Street	10/13/2021	10/14/2021	2
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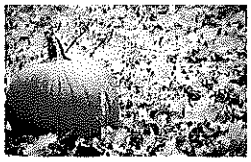
PENDING AND COMPLETED ITEMS
11-15-2021 BOARD OF DIRECTORS MEETING

1. **SB-606 and AB-1668 planning for compliance** – The Board adopted rate restructuring at the August 16th meeting has an effective date of September 15th. Therefore, water service for the September 15th to November 15th billing cycle will be the first cycle to be effected by the water use efficient rates. The Customer Service / Conservation Coordinator returned to in-office work on October 12th. As she catches up, she will be directed to increase efforts on Best Management Practices (BMPs) for Commercial Industrial, Institutional (CII) customers. BMPs are the SB 606 required mechanisms for CII compliance. Tangibly, I have been interacting with Rio Linda and Elverta School Districts regarding overt wasteful watering practices, e.g. continuous leaks and irrigating turf during heavy (record setting) rainfall. **Pending**
2. **Hexavalent Chromium MCL economic feasibility** At their October 19th State Water Resources Control Board meeting, the announcement was made by the Executive Director of the Division of Drinking Water that they now intend to publish the draft MCL before the end of the year. **Pending**
3. **District outreach to customers in anticipation of implementing a new rate structure focused on consumption in compliance with SB 606 / AB 1668 requirements** – The 25 additional Innov8 devices for phase 2 of the pilot study have been received, with 20 devices having been installed. The integration of WaterScope software with our Billing software is complete and the Innov8 readings are integrated into the CUSI billing system. Considerable outreach continues to be exerted for a water wasting service with Twin Rivers Unified School District (TRUSD). It is plausible that a formal letter to TRUSD for compliance with Ordinance 2015-1 and the Governors Emergency Proclamation will be necessary. **Pending**
4. **Procuring a replacement for the existing 25-year-old dump truck** –The purchase order for the new dump truck has been places and the District is waiting for delivery. I reached out to the fleet coordinator after the October 25th promise date lapsed. The fleet coordinator now projects delivery by December 7th. **Pending**
5. **Fiscal Year 2020/2021 Independent Audit,** The independent audit is complete and an item to enable Board acceptance of the report is on the November 15th Board agenda. **Pending**
6. **Billing Software and Bill Revisions to Implement Rates Restructuring** – The Board ratified the to addendum with CUSI for rate structure modifications at the October 18th meeting. **Completed**
7. **Collective Bargaining Agreement Renewal** – Meetings with Teamster Local 150 for renewal of the MOU are continuing. **Pending**



Conservation Report
October *2021*

Supplies (kits):	Shower heads(0) Kitchen Aerators(0) Bathroom Aerators(0) Shower Timer(10) Nozzle(0) Toilet Tabs(4) Moisture Meters(0) Water Bottles(0) Toilet Tummy(0) Retro-Fit Kits(0) Welcome Kits(0) Kids Kit(0)
Water Waste **(calls, emails, letter, leaks detected, and fixed):**	0 Water Waste Call(s) 16 were contacted about possible leaks using the AMI system - 7 were called, 8 was emailed, 1 tag was hung 9 were confirmed resolved
Water Schedule:	given to customers with all violation letters and new applications
Surveys	0
Workshops, Webinar, Meetings:	• Graywater Webinar •How to Make Water Efficiency as Routine as Recycling Webinar
Fines:	None
Other Tasks:	• Assisted with new customers • Created/completed work orders • Disconnect properties with no service application • Notified and offered customers the ACH payment method • Closed accounts and final billed customers • Printed stamps • Mailed out application requests to new owners • Scanned and uploaded documents into UMS • Reached out to customers with higher than normal water usage • Verbal Demands • Created Report for High Usage Exceptions
Grant Updates:	None

Related People

Nicole E. Granquist
Meghan A. Quinn
Robert P. Soran
Melissa A. Thorme

Related Industries

Municipal & Public Agency
Water Rights & Resources

Related Practices

Environmental/Toxics Litigation
Water Quality Law

Ninth Circuit Finds that Distribution of Drinking Water Containing MCL-Compliant Levels of Hexavalent Chromium Gives Rise to RCRA Liability in Decision that Upends Law of the Circuit

Environmental Law
October 15, 2021

The Ninth Circuit recently issued a decision in *Cal. River Watch v. City of Vacaville* (Case No. 20-16605) ("*Vacaville*") regarding the breadth of Resource Conservation and Recovery Act ("RCRA") liability for contributing to the transportation of a solid waste, which may present an "imminent and substantial endangerment" to health or the environment. (42 U.S.C. § 6972(a)(1)(B).) Ultimately, the Ninth Circuit found that because the City of Vacaville ("City") transported through its water distribution system drinking water that contained discarded hexavalent chromium from activity unassociated with the City, a triable issue existed regarding whether the City was liable under the "substantial endangerment" provision of RCRA, despite the City's lack of involvement in generating the waste in question or in the waste disposal process. The decision appears to significantly undercut *Hinds Investments, L.P. v. Angioli*, 654 F.3d 846 (9th Cir. 2011) ("*Hinds*"), which held that some involvement in the waste disposal process is necessary for liability to exist under RCRA's imminent and substantial endangerment liability provision, and could have wide-raging implications for California municipalities and public water system operators. This case could be especially problematic given the recent federal and State focus on perfluoroalkylated substances ("PFAS"), which are found in a wide variety of products (including pots, pans, clothing, food service items, among others), and can be released into the environment through a number of activities, including, but not limited to domestic household tasks, such as washing clothes and dishes.

Lower Court Proceedings

In a RCRA citizen suit brought by California River Watch ("River Watch"), River Watch alleged the City's water supply wells were contaminated by hexavalent chromium, and because the City conveys that water to residents through the City's distribution system, the City was contributing to the transportation of a solid waste (hexavalent chromium), which may present an imminent and substantial endangerment in violation of RCRA. Interestingly, River Watch failed to identify the origin of the hexavalent chromium in its summary judgment papers filed in the lower court, vaguely pointing to an "anthropogenic" source of contamination. River

Watch's primary theory in the lower court was that the origin of contamination is irrelevant, a contention that directly undercuts the *Hinds* case. The lower district court granted summary judgment in favor of the City, and River Watch appeale

The Ninth Circuit's Decision

On appeal, River Watch refined its argument, alleging that the hexavalent chromium in question migrated through groundwater from the "Wickes Site." The Wickes Site sits approximately 1.4 to 3.3 miles from the City's drinking water well field and was the location where chromium wastes were discharged onto the ground in association with wood treatment activities allegedly conducted by entities such as Pacific Wood Preserving and Wickes Forest Industries, Inc. Thus, by demonstrating on appeal that the hexavalent chromium was allowed to pass onto the ground without any attempt at recovery and, therefore, was a manufacturing waste by-product, River Watch was able to remedy its earlier failure to adequately demonstrate that the hexavalent chromium was essentially discarded and, therefore, constituted a solid or hazardous waste. The Ninth Circuit found that River Watch adequately preserved this theory by merely pointing to the Wickes Site as a "likely" anthropogenic source of the contamination in question in its summary judgment papers.

Notably, the City of Vacaville had no involvement in the waste generation or disposal process, and did nothing to cause the alleged contamination of its water supply. Furthermore, the levels of contamination detected exceeded public health goals, but did not exceed the applicable State total chromium Safe Drinking Water Act ("SDWA") primary Maximum Contaminant Level ("MCL") of 50 parts per billion. The City alleged that the hexavalent chromium in its water supply is naturally occurring.

Implications

The significance of this case is the Ninth Circuit found that RCRA does not require that a solid waste "transporter," play some role in "discarding" or "generating" the waste alleged to have created an imminent and substantial endangerment. However, as pointed out by the dissent, because the City had no involvement in the waste disposal process, and did nothing to cause the alleged contamination of the ground water supply, such a finding significantly undercuts the law of the circuit, as stated in *Hinds*. In that case, the Ninth Circuit stated,

> We decline to give such an expansive reading to the term "contribute." Instead, . . . we decide that the statutory language permitting suits against "any person . . . who has contributed or who is contributing" to the handling, storage, treatment, transportation or disposal of hazardous waste, § 6972(a)(1)(B), requires that a defendant be ***actively involved in or have some degree of control over the waste disposal process to be liable under RCRA.***

Id. at 851 (emphasis added).

Somewhat confusingly, the majority opinion defends its seeming undercutting of *Hinds,* stating that, "*Hinds* . . . didn't purport to grant blanket RCRA immunity for anyone outside of the 'waste disposal process,' as the dissent contends. Nor d address the meaning of 'contribution' in the context of 'transporter' liability." However, given the Ninth Circuit's explicit reference to contributing to transportation in the *Hinds* decision, the *Vacaville* opinion appears to significantly undercut the holding in *Hinds,* or at least to significantly narrow it.

Furthermore, as noted above, the water transported by the City complies with both federal (less restrictive) and State MCLs for total chromium (no specific MCL exists for hexavalent chromium). However, River Watch views these standards as too lenient, and therefore, alleges that the City's water poses a danger to human health. The dissent noted its view that the appropriate way to address this concern is to seek revision of the MCL through a challenge to the applicable SDWA standards, which are regularly reviewed and provide citizens adequate opportunity for such a challenge, rather than through a RCRA suit.

In fact, RCRA's anti-duplication provision seeks to prevent River Watch's precise litigation posture by precluding RCRA's application to "any activity or substance which is subject to" the SDWA (among other environmental laws), to the extent that such application would be "inconsistent with" the requirements of the act (or other enumerated acts). (42 U.S.C. § 6905(a).) Given that the City is distributing water that complies with the directly applicable SDWA MCL, holding the City liable under RCRA for creating a substantial endangerment to human health, which MCLs explicitly seek to prevent, would be significantly at odds with the SDWA. However, neither the majority nor the dissent reach this issue, leaving the City to further that theory when the case returns back to the district court.

Entities that move water around the State of California including, but not limited to, operators of public water supplies regulated under the SDWA, would be wise to carefully watch or even seek to participate in these proceedings given the wide-ranging implications of this case, and potentially future decisions issued in connection with the *Vacaville* case.

Sacramento Regional Water Utility Collaboration Study

Activity 3 Report -

Business Case Evaluations

May 2021 - FINAL

RAFTELIS

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Summary

The Sacramento Regional Water Utility Collaboration Study (Study) is a joint study among Carmichael Water District (CWD), Citrus Heights Water District (CHWD), the City of Folsom Environmental & Water Resources Department (Folsom), Del Paso Manor Water District (DPMWD), Rio Linda/Elverta Community Water District (RLECWD), Sacramento Suburban Water District (SSWD), and San Juan Water District (SJWD) (together the "participating agencies") to identify opportunities for increased collaboration with the goal of creating additional operational and financial efficiency, and improving service provision to customers.

This document is the third of three project deliverables. It encompasses the activities for Study Activity 3 – Business Case Evaluations (BCE). In this document, Raftelis assesses a range of delivery options for seven prioritized collaboration opportunities, jointly identified by the participating agencies for study and analyzed using a BCE approach. The range of delivery options considered encompasses the current or status quo approach, which consists of each of the participating entities delivering the service independently or making their own arrangements for outside contract support, through the full spectrum of collaborative delivery options such as joint contracting, resource sharing, and consolidated delivery. The BCE approach provides an overview of the advantages and disadvantages of the delivery alternatives for each priority opportunity.

The analyses are based on data and information obtained from the participating agencies through virtual interviews with senior representatives of each participating agency, project Steering Committee sessions, and submitted documents. Where possible, the estimated financial impacts of alternatives are also evaluated.

The Activity 2 findings noted that the participating agencies take an array of approaches and deliver different levels of service for the prioritized services, resulting in significant differences in the cost of providing those services. For example, several of the participating agencies have well-developed water conservation programs, while others have no formal program. Even with the significantly different approaches and levels of services, there are commonalities. These commonalities are opportunities to study the feasibility of collaboration. Raftelis identifies and analyzes several alternative models that may provide participating agencies an opportunity to reduce costs and/or improve levels of service through collaboration.

There are major differences in the amount and types of **Distribution System Preventative Maintenance (PM)** being performed by the participating agencies. Some agencies have robust programs, while others are focused primarily on reactive maintenance. Meaningful success toward collaborative Distribution System PM activities is dependent on aligning standards of practice, methods, specifications, and training, while building trust across the participating agencies and identifying contractors that deliver high levels of service at scale. Distribution System PM cost differences are significant among the participating agencies, because of the variable delivery standards and approaches. Uniform high levels of service, compatible with industry best practices, can be achieved through scale. For example, if the participating agencies all chose to deliver similar high-level activities at the scale of the most efficient utilities in the group, it could lead to regional savings of approximately 40% per year based on reported costs per mile of pipe.

There is a collective regional **Human Resources (HR)** staffing need of at least 0.5 full-time equivalents (FTEs), above and beyond current HR staffing of 5.4 FTEs across all study participants. Agencies have specific requests for support with recruiting and training coordination, in addition to other needs. This is an opportunity to elevate service levels in a function where many are stretched thin.

Leak Detection activities fell into different cost and level of service tiers. If the region chose to focus on higher performance levels, it would lead to an increase in direct expenses of about $114,369. These expenditures would presumably be offset through savings in pumping, treatment, water distribution, and other costs. In this scenario, there is an assumed joint contract rate savings estimated at 10%. If the region chose to focus on lower performance levels and lower costs, a total annual decrease in direct costs for the region of $145,226 could be achieved assuming 10% savings from joint contracting. Of course, the lower service levels could ultimately mean higher pumping, treatment, and water distribution costs, because of excess water loss. Note that new remote leak detection technologies may further drive down costs over time and are now coming to market.

A joint **Paving** contract at the most favorable observed pricing could save the region up to $110,000 a year or about 15% off current costs. Sacramento County has also offered support on paving for some agencies, which has come with a range of benefits including reduced inspection costs and less administrative effort in addition to being cost competitive.

Stand-by / Emergency Operations activities are a greater burden for staff at some agencies relative to others. While cost reporting may require refinement, opportunities for agencies with more staff to support those with less, particularly if combined with investments in answering service technologies appears to be a sensible way to improve the management of overtime deployment regionally.

Water Conservation programming investments are highly dependent on the level of service and goals that each agency seeks. This is an activity where the priorities of each agency impact the collaborative approach. If all the participating agencies invested in water conservation activities at the same cost per capita as the City of Folsom, for example, regional costs would increase by nearly $1.2 million per year. Presumably, this would produce proportional benefits with some adjustments to water rate structures and water supply practices.

A future **Water Supply** surplus of 212,720 acre feet per year (AFY) is estimated. A range of opportunities exist to optimize surface and ground water supplies and to monetize this surplus. Most of these opportunities can be achieved via collaborative agreements. Maximizing the value of this surplus and realizing associated benefits is quite complex, and requires negotiating the intricacies of California water laws, rules, and practices.

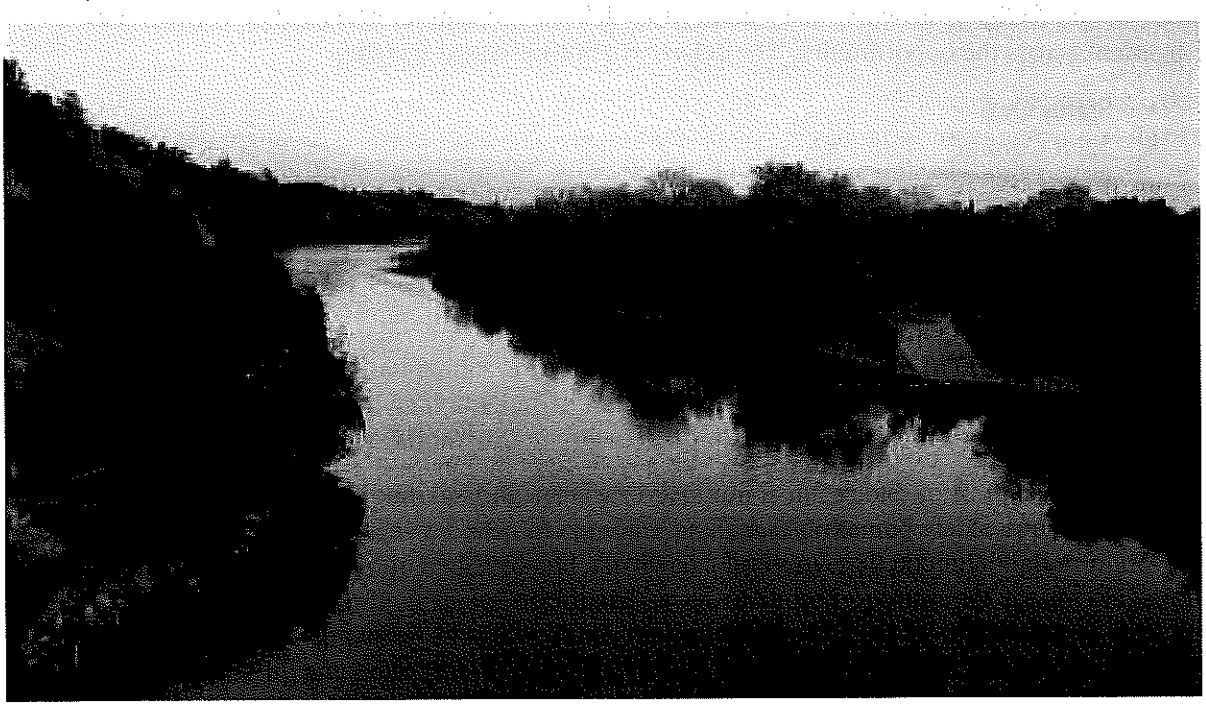
Information developed through the analysis of prioritized opportunities and the other study activities allowed Raftelis to consider the advantages and disadvantages of all types of collaboration, including reorganization; that is, two or more of the participating agencies consolidating into a single agency. It is believed that reorganization can offer significant financial and service level benefits to the region, but it must be acknowledged that it also can lead to less local autonomy and self-determination. The path to the broadest and most broadly accepted reorganization opportunities begin with realizing incremental success such as aligning practices and collaborative contracting for services. Moving down the collaborative path does not inherently commit any of the participating agencies to full reorganization, but it does allow time for agencies to align practices, acclimatize stakeholders, and put in place agreements necessary for additional collaborative activities.

Introduction

The Sacramento Regional Water Utility Collaboration Study (Study) is a collaboration among CWD, CHWD, Folsom, DPMWD, RLECWD, SSWD, and SJWD (together the "participating agencies") to identify opportunities for increased collaboration. The goals of this Study are to identify opportunities for additional efficiency and to improve service provision to customers. Increasing costs of living, evolving regulations, and additional competition for scarce water resources across California mean that agencies may have opportunities to work together, more seamlessly and regionally, to provide reliable and affordable services.

Activity 2 findings (see Appendix B) noted that an array of approaches and levels of service are pursued by the participating agencies for the prioritized services, resulting in different costs of service. Even with the differing approaches and levels of services provided by the participating agencies, there are commonalities. These commonalities are opportunities for collaboration. In this Activity 3 report we will identify and analyze several alternative models that can allow the participating agencies to achieve savings through collaboration.

Studying every aspect of each participating agency's operation is infeasible, so Raftelis worked with the participating agencies to focus on a list of common areas that presented viable opportunities for potential collaboration. The group reviewed and narrowed a list of over 80 potential opportunities for further study. The participating agencies prioritized seven of those opportunities for investigation during a workshop on September 24, 2020. Note that while the full list of opportunities may be explored at any time by any collection of agencies, the seven priority opportunities are the focus of Activity 3 – Business Case Evaluations.



Business Case Evaluations of Selected Opportunities

Members of Steering Committee representing each of the participating agencies selected seven opportunity areas for further study. The areas selected include:

- Distribution System Preventative Maintenance
- Human Resources
- Leak Detection
- Paving
- Stand-by / Emergency Operations
- Water Conservation Programs
- Water Supply

Raftelis assessed a range of delivery options for each opportunity using a Business Case Evaluations (BCE) approach. The range of delivery options considered encompassed the current or status quo approach, which consists of each of the participating entities delivering the service independently or making their own arrangement for outside contract support, through the full spectrum of collaborative delivery options such as joint contracting and resource sharing. Consolidated delivery of the function was included in the options.

Delivery Option Assessments

Prior to the BCEs it is worth considering the delivery options attributes that can be somewhat consistent across the opportunities. The delivery options assessed include:

- Status Quo
- Joint Contract – External
- Joint Contract – Internal
- Consolidated Provision
- Outside Organization Support

The tables below compare the delivery options across four attributes. Specifically, the following attributes are evaluated at a high level for each delivery option regardless of which opportunity they are applied to:

- Advantages
- Disadvantages
- Risks
- Stakeholder impacts

Advantages

Delivery Option	Advantages
Status Quo	• Agencies continue to perform activities independently from other participating agencies with or without assistance from an outside contractor. • Costs and levels of service remain the same. • Greater autonomy and individual control over activities.
Joint Contract - External	• Agencies likely achieve higher level of service at the same or lower cost as Status Quo by joint contracting with another participating agency. • Agencies execute a joint contract with an external resource, such as a contract to conduct valve exercising at multiple agencies. This approach allows for economies of scale and higher levels of service. • Frees up resources at all agencies.
Joint Contract - Internal	• Agencies with underutilized resources use their internal resources to provide services to other agencies for an appropriate fee. • Agencies may find that enhanced service levels are more attainable compared with pursuing them alone. • Potential to free up multi-tasking staff for other needs, reducing contractor support needs or enhancing service levels. • Sharing of lessons learned and best practices among the agencies will increase efficiency and reduce redundancy in effort.
Consolidated Provision	• Opportunity to unify standards and approaches to achieve higher levels of service in some services, increase efficiency, and achieve greater economies of scale. • More consistent service delivery throughout the region. • Leverage additional resources though the consolidated entities.
Outside Organization Support	• If other existing local partner organizations have the capacity, scale, and experience to complete work it may be cheaper than contracting. • May create synergies by reducing idle time of local resources that are already deployed and increasing the density and scale of their work or materials purchasing. • May already be familiar with some local requirements and standards. • Reduces inspection costs and accelerates timelines. • Reduces liability. • Positive public relations element • Creates an opportunity for development of shared incentives and objectives. • Regional continuity of messaging. • Increases program service levels equitably. • Improves and expands reach of an existing resource rather than starting from scratch.

Disadvantages

Delivery Option	Disadvantages
Status Quo	• The agencies do not benefit from savings where there is overlap in delivery. • Economies of scale are not maximized. • Activities can only be expanded by dedicating additional resources to them. • Practices diverge and fewer opportunities for shared savings emerge. • Less consistent service delivery throughout the region.
Joint Contract - External	• Agencies may need to decide on common activities and practices to achieve best contract pricing. • May introduce additional complexity. • Administrative time required to manage multi-agency contract(s). • May be concerns about equity and value; each agency must get their proportional share of resources. • Less program autonomy and customization. • Resources required to manage an external contractor. • Outside contractors may not be as familiar with the quirks of each agency.
Joint Contract - Internal	• Agencies may need to decide on common activities and practices to achieve the highest value. • May introduce additional complexity. • Administrative time required to manage multi-agency participation. • May be concerns about equity and value; each agency must get their proportional share of resources. • Less program autonomy and customization. • Potential liability issues. • Other agencies' staff may not be as familiar with the quirks of each agency's operation and assets.
Consolidated Provision	• Less program autonomy and customization. • May introduce additional complexity, even more than Joint contracting models. • Requires agreements and in some cases charter/legislative changes. • Concerns about lack of control.
Outside Organization Support	• May be challenging to administer across municipal boundaries. • Limited to the areas outside organizations can provide support, which might not meet all the desired service levels of some of the agencies. • Agencies may need to decide on joint messaging and common activities. • Less program autonomy and customization. • May be concerns about equity and value; each agency must get their proportional share of resources.

Risks

Delivery Option	Risks
Status Quo	• Collaborative momentum may be lost if opportunities are not adopted. • Opportunity to improve service levels or achieve savings may be missed. • Not all staff have equal training, and local practices may continue to diverge, making future collaborative efforts work less efficiently. • Activities may not consistently be performed per industry best practices due to varying resource availability or other inconsistencies in service delivery.
Joint Contract - External	• The contractor provides a level of service that doesn't align with needs. • Cost-sharing agreements, and program standards may be difficult to unify. • Contractors may not perform as well as promised. • Contract disputes may occur. • Some traditional vendors may not qualify for larger joint contracts. • Concerns about lost autonomy by stakeholders.
Joint Contract - Internal	• Level of service provided is above or below what a given community desires. • Cost-sharing agreements and program standards may be difficult to agree to. • Agencies working outside their systems may not provide their full effort and focus. • Potential liability issues. • Resource availability may be challenging to coordinate. • Concerns about equity and lost autonomy from stakeholders.
Consolidated Provision	• Similar to other joint efforts. • Additional concerns about equity and lost autonomy from stakeholders.
Outside Organization Support	• Availability of outside organization resources may be constrained by other existing priorities. • Outside organizations may not be able to meet the needs of all desired program elements or might become overwhelmed by demand for support in new areas. • Costs of participation with outside organizations may go up. • Programmatic investments with the outside organization may not achieve desired results due to poor execution, resource limitations, lack of training, more diffused accountability, or other factors.

Stakeholder Impacts

Delivery Option	Stakeholder Impacts
Status Quo	• This option is the status quo so there is no change in stakeholder impact.
Joint Contract - External	• Potential higher service levels achieved or lower costs, increasing stakeholder satisfaction. • There could be positive feedback associated with the cost savings and service level improvements that joint contracts could offer. • More uniform costs and service experiences across the region • Stakeholders may be suspicious of contract terms or expenditures and have varied perceptions of equity • Staff may resist changes or reductions in procedural flexibility that come with jointly bid contracts.
Joint Contract - Internal	• Potential higher service levels achieved or lower costs, increasing stakeholder satisfaction. • There could be positive feedback associated with the cost savings and service level improvements that sharing resources could offer. • More uniform costs and service experiences across the region • Stakeholders may be suspicious of or scrutinize investments in central shared resources. • Staff may resist changes or reductions in procedural flexibility that come with centralization of these functions.
Consolidated Provision	• Potential higher service levels achieved or lower costs, increasing stakeholder satisfaction. • There could be positive feedback associated with the cost savings and service level improvement. • More uniform costs and service experiences across the region • Stakeholders may be suspicious of consolidation terms and equity - perception of loss of local control • Stakeholders may resist changes. • Staffing impacts.
Outside Organization Support	• Could create political challenges if constituents feel it has negative employment impacts. • RWA may require additional staff or financial resources to achieve regional desires and would have to be willing to take this on. • There could be positive feedback associated with the cost savings and service level improvements that sharing resources could offer.

The sections that follow cover each opportunity and are arranged in alphabetical order as there is no preference given to the opportunity priorities until the participating agencies decide on immediate next steps following this Study.

Distribution System Preventative Maintenance

Distribution system preventative maintenance (PM) is the collection of planned and scheduled activities employed to maintain a water system's distribution network with the goal of increasing its longevity, lowering lifecycle operating costs, and providing service to customers. Activities such as proactive valve exercising, regular hydrant maintenance, and periodic water main flushing are considered typical distribution system PM activities. Note that capital replacement and repair, customer leak response, and other reactive efforts were not the focus of this review, because they are not considered PM activities. Robust PM programs have dedicated staff employing industry best practices to achieve outcomes measured by metrics and aligned with service level targets.

Differing resource levels, priorities, and attitudes are primary drivers of varying distribution system PM activity levels among the participating agencies. Similar to broader asset management programs that may include capital investment and repairs, PM practices often correlate with the number of assets and their location, age, condition, and criticality. Historical practices strongly influence chosen PM activities.

PM is often neglected because of competing priorities and because its benefits are often less apparent in the short term. You might say this is where the "rubber *does not* hit the road" for the "out of sight, out of mind" conundrum that is buried infrastructure. The participating agencies have identified the possibility of collaborative action as a way to overcome the varied stresses placed on achieving desired PM levels.

There are many collaborative opportunities for PM ranging from equipment and staff sharing to communicating lessons learned. For example, to facilitate future opportunities for more comprehensive or indeed collaborative PM programs, DPMWD may gain insights from SSWD's efforts to relocate assets from backyards to streets or to improve access for those assets that remain outside of the public right of way. Some participating agencies have recently begun to engage in contracting to meet PM objectives, while others might not yet have seriously considered such an approach. There are opportunities to do more through a collaborative scale contract with attractive rates per mile of pipe or per asset compared to what might be offered otherwise.

Delivery Options

Participating agencies have four options to provide distribution system PM, as follows:

1. Status Quo (Plus)
2. Joint Contract - External
3. Joint Contract - Internal
4. Consolidated Provision

These four options are described further in the sections that follow.

Status Quo Plus

All the participating agencies report active PM programs with varied levels of activity. Interviews and reporting noted areas of focus on PM covered eight key activities:

- Infrastructure PM / inspection (general PM / other)

- Dead-end or distribution system flushing in areas supplied with groundwater when quality issues arise
- Hydrant maintenance / painting / flushing / greasing / inspecting
- System-wide flushing
- Valve exercising (mainline, blow off, hydrant valve, air release valve (ARV) / combination air valve (CAV), etc.)
- Tank / storage reservoir inspections
- Large meter testing
- Cathodic protection program

PM work is now accomplished through a range of approaches that include dedicated staff time and contract support. In particular, SJWD employs contractor support for hydrant maintenance and valve exercising. However, even if the status quo is largely maintained in terms of staffing or contracting, there are opportunities for collaborative engagement to share lessons learned that will be detailed in this section, which is why it is referred to as "Status Quo Plus".

The activities and frequency for PM work currently vary by participating agency as detailed in Table 1. The larger agencies report covering more PM activities, with SSWD having reported the most comprehensive program. Taken together the participating agencies spend about $2.84 million on PM activities annually.

Table 1: Current Distribution System Preventative Maintenance Activities and Frequency[1]

Activities	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Infrastructure preventative maintenance / inspection (general PM / other)	X	X	X	X	X	X	X
Dead-end or distribution system flushing in areas supplied by groundwater area when quality issue	X	X	X			X	X
Hydrant maintenance / painting / flushing / greasing / inspecting[1]	X (N/A)	X (7.2)	X (5)	X (1)	X (3)	X (5)	X (5)
System-wide flushing			X		X		
Valve exercising (mainline, blow off, hydrant valve, ARV/CAV)[1]	X (N/A)	X (11.9)	X (5)	(N/A)	X (3)	X (5)	X (5)

[1]The frequency interval in years for system-wide coverage for a given PM activity is shown in Table 1 in parentheses for each participating agency.

Activities	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Tank / storage reservoir inspections			X			X	
Large meter testing			X			X	X
Cathodic protection program						X	X

While the number of assets in larger systems may make PM frequency intervals longer for activities like hydrant maintenance or valve exercising without additional resources, other considerations such as access issues, such as is the case with DPMWD, constrains the regular systematic completion of some activities entirely. However, the challenge of buried infrastructure on private property in the DPMWD system presents an opportunity, as some communities have worked through these same challenges. Specifically, CHWD and SSWD indicated that they have moved linear infrastructure from backyards into the public right-of-way, which allows for regular PM work. DPMWD can reach out to CHWD or SSWD to learn from their experiences as they seek to navigate the political and infrastructure challenges of relocating water assets that are currently less accessible.

Another opportunity for some collaboration under the status quo exists around flushing activities. CWD is developing a system-wide flushing plan. That process presents an opportunity to learn what others are doing and to share plans to ensure best practices and lessons learned are communicated.

While the Status Quo represents no change from current practices, the sharing of lessons learned and best practices as discussed here, can actually be employed with relatively little effort under any collaborative model alternative and for any of the priority opportunities discussed in this report. Achieving Status Quo (Plus) level collaboration requires ongoing regional communication and represents the best of what the region already does to achieve collective continuous improvement, whether through the Regional Water Authority (RWA) or proactive engagement by the participating agencies and the broader region. Facilitative tools such as an online library, email list, or regular meetings can help "grease-the-wheels" of collaboration under what would otherwise be Status Quo operational models.

Joint Contract - External

PM activities can be contracted to an external party to accelerate system-wide PM frequencies, expand reach where staff resources are constrained, leverage the efficiency of firms with specialized expertise or equipment, or save money on activities where full-time year-round staffing is not cost justified. While none of these benefits are guaranteed, they represent possible outcomes that are worth exploring should agencies seek to ramp up their PM activity from current levels or potentially save money through economies of scale. It is important to note that several agencies indicated that many PM activities are dependent upon the expertise and asset familiarity of in-house staff and therefore PM may not be an area where joint contracting is preferable (whether with a third party or another agency).

An Information Clearinghouse is a tool to increase data sharing among the participating agencies. We discuss it further after briefly presenting each option. It may enable more opportunities for joint contracting by allowing agencies to begin sharing upcoming contract procurements with each other more actively.

Joint Contract - Internal

An internal joint contract, where one or more agencies perform PM activities for other agencies, could take a range of forms. Under this opportunity we are referring to any agreement beyond existing Mutual Aid and joint purchasing that would allow for arrangements such as equipment sharing and cost recovery, joint equipment purchasing and sharing, joint materials and supplies purchasing, shared staff resources, or services provided by one agency for another on a contract basis.

Mutual Aid Assistance agreements that currently exist between the participating agencies provide the opportunity to tap into potential services including sharing of equipment with operator, sharing of materials, and use of facilities and personnel as needed to maintain the required services of each agency. However, more intensive, or extended arrangements outside of emergency situations have generally been handled through separate agreements outside of Mutual Aid, such as the recent support of DPMWD by SSWD, which included broad field operations responsibilities due to staff turnover at DPMWD.

The participating agencies indicated that differences in standard operating practices (SOPs), installed asset types, associated materials and supplies, and equipment requirements can make collaborative PM opportunities challenging. Working to these differences across agencies is one way to facilitate collaborative action moving forward. If the participating agencies identify, agree to, and pursue PM best practices, as well as align activity frequency intervals in a coordinated fashion, and simultaneously identify preferred materials as a group, there may be significant opportunities to reduce costs. Such alignment of SOPs, assets, and materials, when coupled with joint training (to be discussed in the Human Resources section), could help to alleviate anxieties about more intensive staff sharing.

Consolidated Provision

A consolidated approach would likely look very similar to an intense Joint Contract – Internal approach where one or more agencies is responsible for PM across multiple participating agencies in one or more areas such as treatment or distribution system operations and maintenance. A consolidated approach would require alignment of SOPs, policies, and standards in the chosen areas. It would also encourage a more rapid move toward standardization of assets. Ownership of the assets could stay with each participating agency or could be leased or sold to another entity. There are many examples in the utility industry where one utility operates and maintains the assets of another utility under some type of agreement.

A consolidated approach requires complex planning and legal considerations; therefore, it may not be the best first step toward collaboration. Rather, building on relationships and practices developed through a joint contracting approach seems to be a better starting point for collaboration.

An assessment of the range of inter-agency opportunities for collaboration on PM would ideally include a bottom-up cost analysis at an operating expense budget line-item level. Below we present range of service level options for each element of PM collaboration and rough costs where applicable and where data was available.

Formally sharing SOPSs, supplies, materials, and equipment inventory, as well as activity schedules through an Information Clearinghouse:

Setting up an Information Clearinghouse can be accomplished without significant additional costs using widely available technologies. Microsoft Office 365 includes cloud-based tools called SharePoint and OneDrive that can be setup to allow file sharing through folders accessible by permitted users from outside organizations using the same Microsoft login that grants access to each person's work computer. Other free or low-cost tools depending on the amount of storage and features needed include Dropbox, Google Drive, and Box.

Equipment sharing, purchasing, and cost recovery:

Equipment idle time is an opportunity cost that can be monetized. The challenges of equipment sharing include concerns about availability, asset longevity, wear and tear, and liability, and yet agencies around the country and in the Sacramento Region already occasionally share equipment, suggesting that these challenges can be overcome. Given this, it may be worth considering whether there are opportunities to formalize and expand the opportunities to share equipment among the participating agencies, or even purchase new equipment that might not be cost justified individually but would be if pursued together.

Table 2 provides example charge out rates for certain equipment provided by select participating agencies. These rates may be negotiable depending on the terms and duration of use.

Table 2: Examples of PM Equipment Charge Out Costs

Agency	PM Equipment
CWD	Vehicle charge out rate is $55 per hour plus 15% administrative fee
CHWD	Equipment is charged out at $156 per hour.[2]
Folsom	Not captured or not applicable
DPMWD	Not captured or not applicable
RLECWD	Not captured or not applicable
SSWD	Not captured or not applicable[3]
SJWD	Not captured or not applicable

Joint materials and supplies purchasing:

While data specific to PM materials and supplies is challenging to isolate, there may be a range of these expenses that could be shared for PM activities. The success of the joint chemical purchasing program that some participating agencies are involved with was highlighted as a cost saver and a model that could be expanded. PM related materials and supplies may include PPE, IT hardware,

[2] For the purposes of the PM analysis total equipment charge out was estimated at 20 hours per week for the entire year (52 weeks), or $162,240 per year. CHWD did not provide a description of what this equipment is but noted a $156/hour charge out rate for equipment used in PM.

[3] SSWD noted 1 Distribution PM Truck #64 with an average annual cost since 2014 of $9,035, and a valve exerciser with an average annual cost since 2009 of $8,440. Charge out costs per hour were not provided.

tools, paint, testing supplies, safety cones, and any other field staff sundries that can be inventoried, warehoused, and purchased jointly to achieve savings.

Services provided by one agency for another on a contract basis or investments in shared staff:

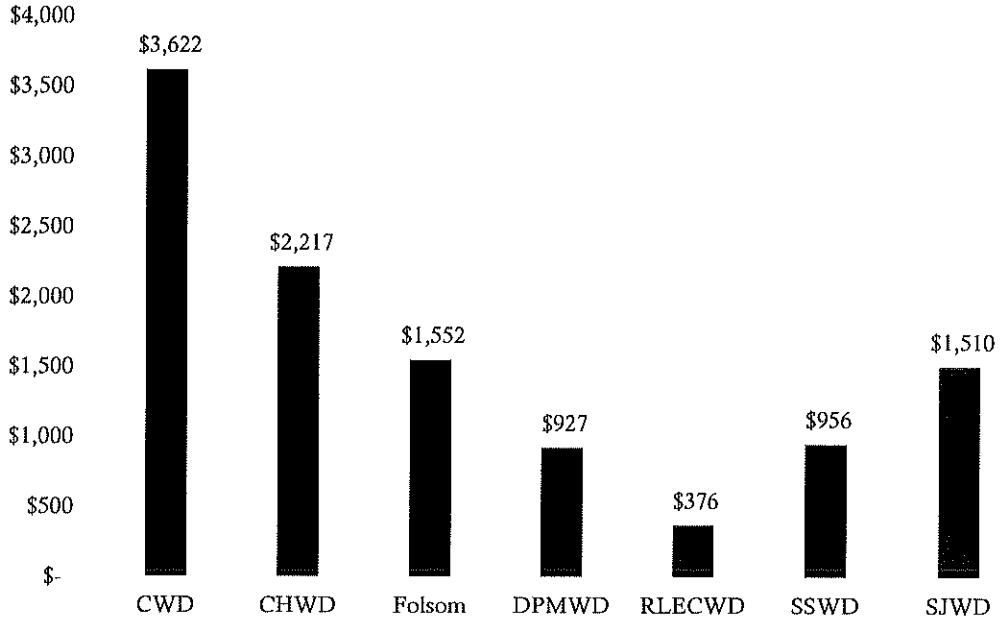
Should agencies with stretched resources fall behind on PM goals, utilities with additional resources may be able to offer contract PM (or other services) support in an arrangement similar to the recent one between SSWD and DPMWD for operational support during a period of high staff turnover. This alternative presents a revenue opportunity for the providing agency, while potentially reducing full time and longer term staffing cost commitments for the contracting agency. As with several collaborative models, hesitance about having outside staff work across systems may be overcome by aligning SOPs, materials, and training and by working to maximize service provider accountability through sound agreements that ensure the scope of the activities is completed to expectations.

If existing staff levels are insufficient to allow for inter-agency PM staffing, a cost sharing arrangement could be developed for new regionally resourced staff positions. Creating such a position would likely not be an immediate first step but perhaps a future option as SOPs and cross-training expands and agreements subsequently developed. The need for shared resource might be considered if agencies seek to expand their PM service levels or as staffing changes create gaps in available resources across agencies.

Program Costs

Among the three agencies that indicated they are doing the most comprehensive PM activities, the one with the lowest cost on a per mile of pipe basis is SSWD per Figure 1.

Figure 1: Annual Preventative Maintenance Expenditure per Mile of Pipe



While some agencies have noted that costs in less densely populated communities may be inherently higher because more infrastructure is required per unit of area and population served, a basic correlation analysis does not clearly bear this out. Figure 2 reveals that annual preventative maintenance expenditure per mile of pipe and population per square mile have an R^2 coefficient of determination of just 0.23, suggesting little correlation between these two statistics among the participating agencies.

Therefore, it is worth looking at the potential for PM savings that could be achieved by servicing all participants at the cost and activity level of SSWD, which is the agency providing the greatest coverage at the lowest cost, or $956 per mile of pipe. This would translate to an estimated cost of about $1.7 million per year or a savings of over $1 million, a more than 38% cost reduction. While there may be a desire to scrutinize and refine included costs in future study of this opportunity to ensure alignment, the analysis suggests significant savings can be achieved through PM collaboration.

Figure 2: Annual Preventative Maintenance Expenditure per Mile of Pipe vs. Population per Square Mile

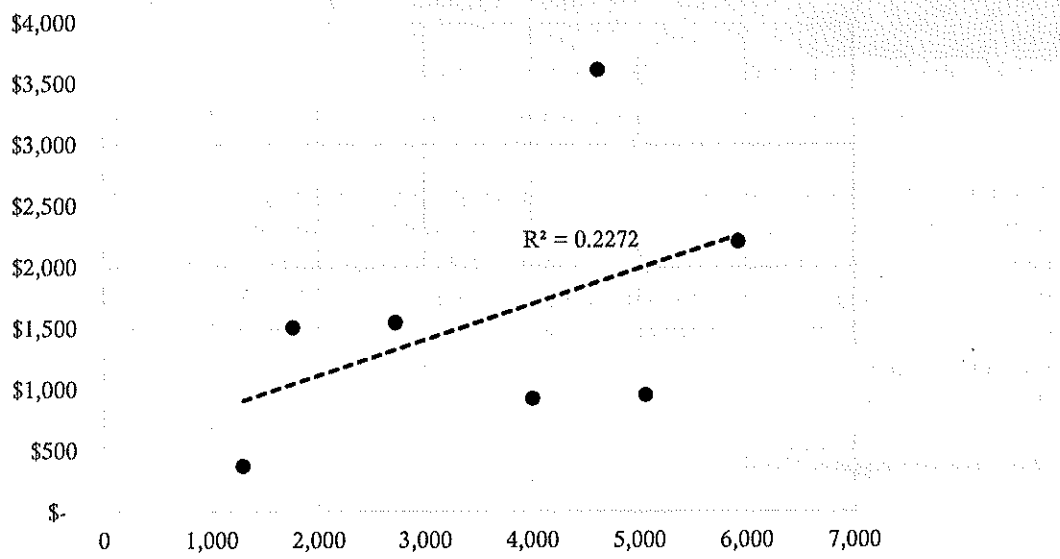


Table 3: PM Cost - Status Quo vs. Lowest Cost Comprehensive Program

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Total Estimated Annual PM Cost	$579,528	$553,280	$569,565	$19,463	$23,542	$667,475	$335,219
High level of service - Total PM programming cost at $956 per mile of pipe	$153,003	$238,684	$350,950	$20,082	$59,920	$667,475	$212,291
Difference in programming cost	*$(426,525)*	*$(314,596)*	*$(218,614)*	*$619*	*$36,378*	*$-*	*$(122,928)*

Table 4: Current PM Program Costs - Detailed

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
PM FTE*	8.63	3.00	4.50	0.02	0.31	5.00	2.20
Total FTE Costs	$579,528	$391,040	$569,565	$19,463	$23,542	$650,000	$249,327
Equipment Costs**	Unknown	$162,240	Unknown	Unknown	Unknown	$17,475	Unknown
Contract Costs	None	None	$0	None	None	None	$85,893
Materials, Supplies, and Other Costs	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown

*Includes administrative support allocation to PM FTE where information was provided.

**It is expected that there may be additional reporting needs here in future efforts to account for vehicles if not other relevant equipment as well as discrepancies in the manner of reporting for the two equipment costs that were provided or able to be estimated

The available information suggests that agencies seeking to leverage contractors to expand the reach of their PM activities have found that up to 26% (SJWD) of this work can be contracted out. If all agencies contracted at this level and we assume a 10% savings can be achieved through a joint contract, the 10-year savings achieved through joint contracting would be about $714,4798. While this may represent a small financial savings, it could come with other benefits such as improved service reliability, longer asset life, fewer asset failures, or even perhaps staff reductions that could be achieved through attrition.

Recommendations

In order to achieve potentially higher and more uniform levels of service, as well as optimize PM services and resourcing for all of the participating agencies, a phased approach to collaborative action is recommended as follows:

1. Keep data on costs and service provision to support analysis of the pros and cons of collaborative service delivery approaches. Discuss this information with stakeholders to raise awareness.

2. Develop an Information Clearinghouse to share SOPs, materials and supplies inventories, specialized equipment inventories, contract procurements, and best practices.

3. Move toward aligned SOPs, assets, practices, policies, etc.

4. For agencies seeking to increase PM activity levels now, discuss SJWD's contractor experiences to learn what their experience has been. Ultimately a joint bid may become more appealing to those currently hesitant to allowing outsiders to work on their assets.

5. As SOPs, best practices, materials and supplies, and asset types converge over time, consider inter-agency resource contracting, or shared regional resources and associated agreements.

6. If inter-agency resource contracting or provision through shared regional resources is efficient, beneficial, and equitable to all parties, consider consolidated service provision of activity.

Human Resources

Human resources (HR) functions were prioritized because several of the participating agencies noted gaps in their respective HR capacity to cover the full range of activities demanded. Larger agencies with dedicated staff find that their greater headcounts demand one or more dedicated HR positions. Smaller agencies do not have dedicated HR staff, thereby requiring managers or other staff to shoulder this burden along with other job duties. Given the broad array of activities that HR covers, the participating agencies identified HR collaboration as an opportunity. All agencies have some internal capabilities, and a few agencies hire external contractors to fill in the gaps in services provided.

Delivery Options

Participating agencies have four options to provide HR functions, as follows:

1. Status Quo
2. Joint Contract External
3. Joint Contract - Internal
4. Consolidated Provision

These four options are described further in the sections that follow.

Status Quo

Table 5 provides a summary of the status quo for HR services across the participating agencies. Under the status quo, HR service levels vary less by preference than by resource availability. Some agencies do not have any full time HR staff. Despite the divergence in resourcing there is quite a bit of alignment on a set of gaps and opportunities identified by the participating agencies that could potentially be filled through collaboration. Common gaps include a desire to increase training coordination, share team building best practices, identify shared resources to support recruitment activities, and update policies and procedures to ensure compliance with legal obligations and best practices. Contract support is employed by some agencies to fill these gaps.

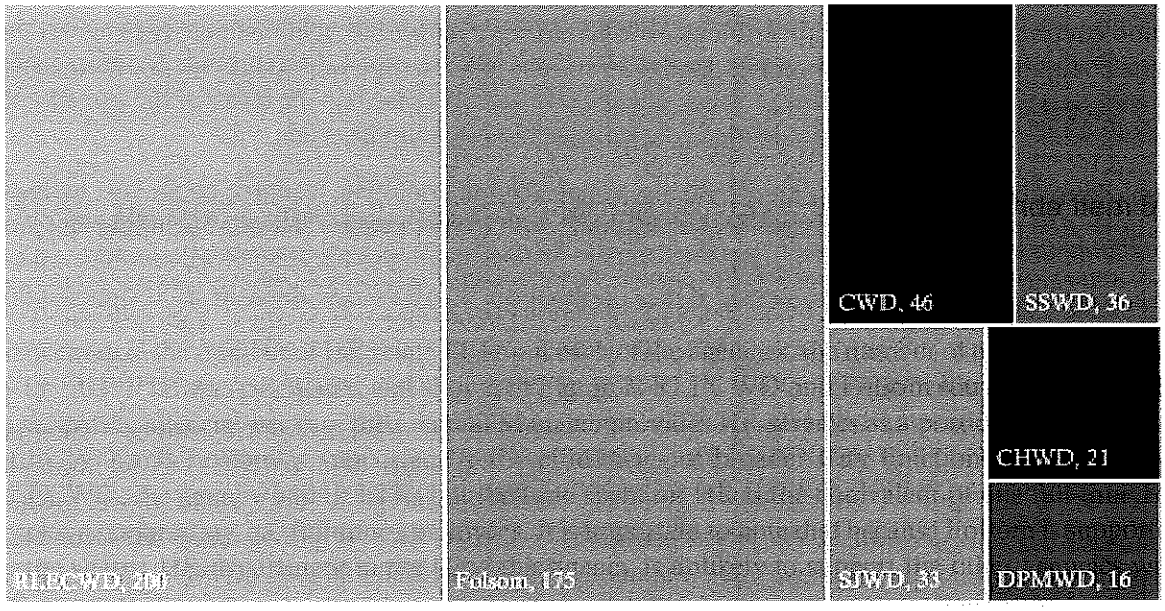
Table 5: HR Services Overview

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Total Employees	32	36	34	4	10	71	48
HR FTE	0.7	1.75	0.2	0.25	0.05	2	1.45
HR Services Offered	Comprehensive (less gaps)	Comprehensive (less gaps)	Comprehensive	Comprehensive (less gaps)	Comprehensive (less gaps)	Comprehensive (less gaps) also have training facility	Comprehensive (less gaps)
Reported HR Service Gaps or Opportunities	Staff morale building, training coordination	Training coordination	None Reported	None Reported	GM provides the HR services	Training and recruitment, updating policies/ procedures and Employee Handbooks	Recruitment and selection, non-technical staff development, training and team building, performance management and employee coaching/discipline, culture building, keeping abreast of labor laws.
Contract Services	None	None	None	None	None	Employee Benefits Insurance Brokerage and Consulting Firm (EPIC)[4], Bryce Consulting	Bryce Consulting, Meyers Fozi, LLP

[4] Though EPIC doesn't assist with staffing per se, they do provide a research and data analysis service that HR staff would otherwise need to undertake OR engage another consultant. Management Partners is another contractor that was used for HR support but is not listed as that was a one-time service.

To normalize the number of HR related FTEs at each of the agencies, the number of utility FTE served by one HR FTE was calculated and shown in Figure 3. RLECWD and Folsom stand out among the participating agencies because the General Manager provides HR services as a portion of his duties at RLECWD and Folsom is supported by the efficiencies of broader City functions. In the case of RLECWD, the agency has 10 FTEs but the time spent on HR is the equivalent of one full-time HR employee supporting 200 full-time employees. It is important to note that because Folsom is supported by the shared HR department in the City; this agency is unlikely to support the other agencies with HR resource sharing.

Figure 3: Utility FTE Served per HR FTE



Joint Contract - External

SSWD contracts HR service support (as needed) to supplement the work of two HR FTEs who support 71 FTEs in the agency. The supplemental work includes the following providers with some of the associated services:

- Bryce Consulting:
  - Classification analysis and job description development/revision
  - Recruitment support (review of job applications, development of oral interview questions, facilitation of oral interview, reference checks)
  - General HR support (development/revision of personnel policies, audit of personnel practices, advising managers on performance management issues)
- Employee Benefits Insurance Brokerage and Consulting Firm (EPIC)
  - Benefit renewal analysis for benefits
  - Assist with contract negotiations and renewals

SJWD contracts legal labor assistance with Meyers Fozi, LLP, and HR service support with Bryce Consulting. The support provided by Bryce Consulting includes:

- Development of job announcements
- Placement of ads
- Receipt and screening of applicants
- Development of selection materials
- Scheduling and facilitating interviews
- Maintaining contact with candidates
- Making offer to selected candidate
- Conducting reference checks

Joint Contract - Internal

An alternative to a joint external HR support, internal joint contracts might offer a shared regional resource or partial dedicated FTE with designated responsibility for filling HR service gaps across the participating agencies. Cost sharing for shared HR staff could be established through an interagency agreement with negotiated terms to ensure equitable availability (based on the terms of the agreement) and support based on each participating agencies' size and HR support needs.

In addition to filling the identified HR functional gaps, the regional HR resource could also manage an Information Clearinghouse that would facilitate other collaborative actions including but not limited to archiving training materials, scheduling collaborative team building work sessions, and a range of other knowledge sharing and data coordination activities discussed in each opportunity section of this document.

Consolidated Provision

A consolidated approach would likely look very similar to an intense Joint Contract – Internal approach where one or more agencies is responsible for select HR activities across multiple participating agencies. A consolidated approach would encourage a more rapid move toward standardization of policies, pay, job descriptions, benefits, etc. While it may be somewhat cumbersome, HR specialists could still maintain distinct attributes across multiple participating agencies. For example, each agency could still have separate job descriptions and pay scales for staff.

A consolidated approach requires complex planning and legal considerations; therefore, it may not be the best first step toward collaboration. Rather, building on relationships and practices developed through a joint contracting approach seems to be a better starting point for collaboration.

Outside Organization Support

ACWA JPIA[5] and California JPIA[6] both have online resources available that can continue to enhance staff training particularly during periods of remote work, especially regarding HR-related issues. These resources, available at no additional cost for members, can be further optimized and promoted through collaboration by sharing experiences on the most useful tools or any that are required, and in this way cooperating to improve the visibility of the best training resources and maintain staff compliance. Several participating agencies are already members of these organizations.[7] Further, joint communications to these organizations may achieve greater voice through collaborative engagement

[5] https://www.acwa.com/resources/

[6] https://cjpia.org/training/e-learning/

[7] Information on specifically who is a member of ACWA JPIA and JPIA was not provided by the participating agencies.

at scale to further optimize training opportunities and content to ensure its value meets needs in the Sacramento Region.

Program Costs

Total annual HR cost per utility employee is shown in Figure 4, which highlights that for agencies providing the most comprehensive services, costs appear to go down when the scale of the utility increases. This is demonstrated by SSWD, which has the lowest cost at $3,288 of HR work per employee served among those agencies with dedicated HR staff. Note that Folsom's HR cost per FTE served is approximately lower than SSWD but that Folsom is served by the City's HR department, which works across all City departments. Given the benefits that Folsom enjoys through this municipal HR support, it is expected that Folsom's role in some elements of HR collaboration may be more limited.

Figure 4: Annual HR Cost per Utility FTE Served

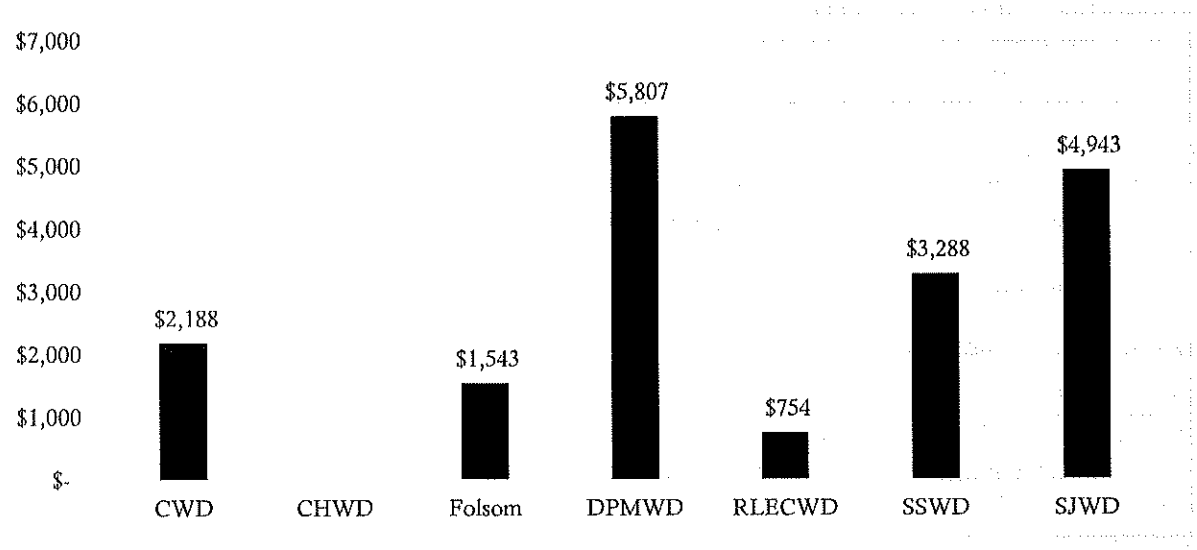


Table 6: Collaborative HR Cost Analysis

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Total HR Cost	$70,000	Unknown	$53,865	$23,228	$7,540	$233,453	$237,263
High level of service - Total HR programming cost at $3,288 per FTE served	$105,218	$118,371	$114,754	$13,152	$32,881	$233,453	$157,827
Difference in programming cost (line 2 minus line 1)	*$35,218*	*Unknown*	*$60,888*	*$(10,075)*	*$25,341*	*$-*	*$(79,435)*

Given that SSWD can provide a comprehensive set of HR support services at relatively low costs even while deploying contractor support to augment staff capacity, it is possible that some combination of

joint contracting (whether internal or external) might be able to expand the HR service levels of the other participating agencies. If all the agencies achieved the comprehensiveness of SSWD based on SSWD costs the group would spend an additional $137,155 per year in HR costs (the sum of the last line in Table 6).

This possibility becomes even more enticing given that both SJWD and SSWD utilize some of the same contractors to support HR services. A joint contract with more scale or perhaps a multi-year commitment might entice a firm like Bryce Consulting to provide discounted rates for services such as recruitment, HR policy development, or general HR support. Currently, contracted HR services are 3-4% of costs for agencies that contract out a portion of services. While savings at this level of contracting might be somewhat limited even if jointly bid, the participating agencies generally reflected that their needs on HR were more about getting the necessary work of this function done than they were focused on expectations of costs savings.

Raftelis estimates that the additional HR needs of the participating agencies represents about 0.5 FTE in aggregate across all the agencies. This is based on the kinds of related services contracted out by some of the larger agencies and the estimated total annual staffing needs based on noted activity gaps and current staffing levels. A fully loaded FTE (salaries and benefits) is estimated to cost about $150,000, which means that for a total regional cost of about $75,000, or less than $11,000 per year per agency a joint HR support position could be established. These costs could be distributed in to-be-negotiated weights based on the support needs of each agency and would then be billed back to each agency based on the time keeping of the joint employee. As a practical matter, this resource would likely be housed within one of the participating agencies to avoid the need to create a new entity to house the resource.

Recommendations

To accomplish the broad suite of services that comprise the HR function, the participating agencies should look at collaborative solutions. Having General Managers shoulder the myriad range of HR issues that can emerge, even for the smallest utilities, is an unsustainable practice. There is a significant risk that critical HR activities will be missed or performed inadequately. While this might not present a problem in the short-term, it is likely to present one over the longer term especially as competing demands for time and resources occur. Further, relying on the same contractors to augment services for larger utilities is less sensible than a regional, jointly bid contract that could achieve some savings, no matter how small, while also elevating the service levels of multiple agencies. What appears to make the most sense given the overlap in gaps and opportunities identified is to hire a shared regional HR resource, perhaps on a part-time basis to begin. This individual could likely add even more value to each of the participating agencies by coordinating training programs that also leverage content from outside organizations such as ACWA JPIA and California JPIA and SSWD's training facility.

Each agency should keep data on costs and service provision to support analysis of the pros and cons of collaborative service delivery approaches for HR. They should discuss this information with stakeholders to raise awareness.

Leak Detection

Leak detection, whether conducted on an ad-hoc, systematic, or reactive basis in response to leaks presents an efficiency and service-level enhancing opportunity. Whether through joint contracting or sharing equipment and staff there is a sense from the participating agencies that this area may be rife for increased collaboration. While the age, size, and even characteristics of a given service area can change the perspective of a utility with respect to the need for leak detection, when engaged in a more proactive manner it can lead to water loss reductions that can yield a range of benefits. This can be critical in periods of drought or simply to reduce wasted water, along with the associated expense.

Delivery Options

Participating agencies have four options to provide leak detection, as follows:

1. Status Quo
2. Joint Contract External
3. Joint Contract - Internal
4. Consolidated Provision

These four options are described further in the sections that follow.

Status Quo

Under the status quo, the participating agencies maintain each of their pipe networks, which total 1,780 miles. Table 7 lists the total miles of pipe, and leaks and breaks relating to service lines and mains for each agency. For further comparison, AWWA utility benchmarking provides a median of 9.2 for leaks and breaks per 100 miles of mains. CHWD, DPMWD, and RLECWD do not have system-wide leak detection programs and instead perform ad hoc leak detection only. DPMWD does not perform any regular leak detection on their 21-mile system because the pipes are in backyards. For the other agencies, the frequency of each system-wide leak detection cycle ranges from 4 to 6.4 years.

Table 7: Leaks and Breaks

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD	AWWA Median
Total system miles of pipe reported[8]	160	249.6	367	21	62.66	698	222	-
Leaks and breaks per 100 total system miles of pipe reported (service line breaks)	59.1	35.3	31.4	53.5	121.9	10.9	36.8	-

[8] Unable to split miles between service lines and mains

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD	AWWA Median
Leaks and breaks per 100 total system miles of pipe reported (main breaks)	27.9	4.5	0.4	11.1	4.8	7.4	1.9	9.2
Frequency of a single system-wide leak detection cycle	6.4[9]	N/A	4[10]	N/A	N/A	5	5	

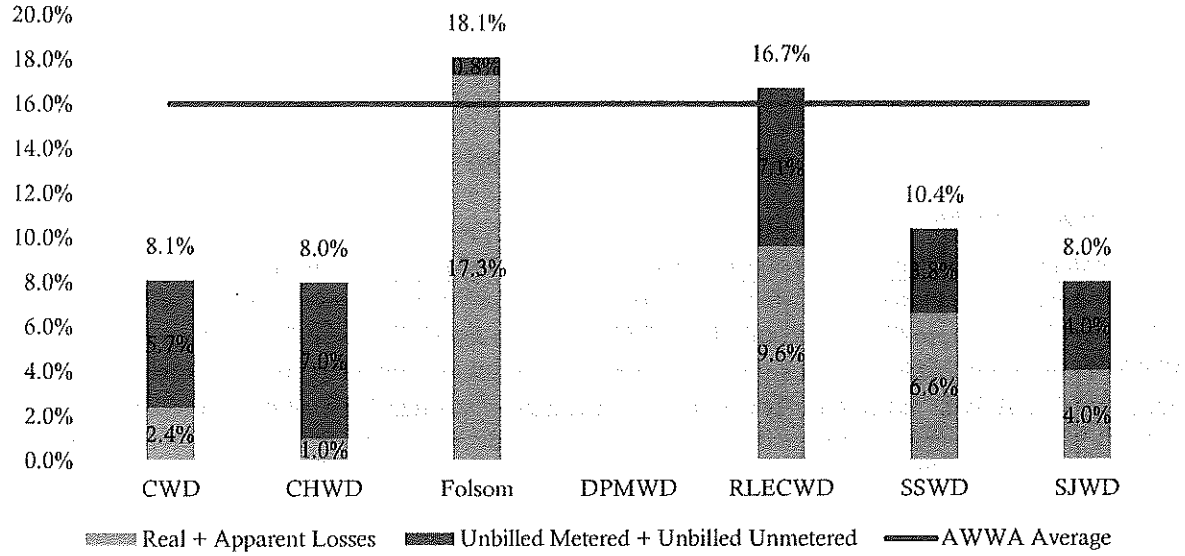
Utilities incur Real Water Losses from pipeline leakage and Apparent Water Losses when customer water consumption is not properly measured or billed.[11] This is considered a portion of the Non-Revenue Water at a utility. Also subsumed in Non-Revenue Water is unbilled metered usage and unbilled unmetered usage. Except for DPMWD, which solely provides unmetered service to residential customers (metered to commercial, industrial, and institutional customers), the participating agencies provided data about Non-Revenue Water. This includes the breakdown of real and apparent water losses and unbilled metered and unbilled unmetered water. Total non-revenue water losses as a percentage of total water produced is also shown in Figure 5 for the participating agencies above each stacked bar.

[9] Goal is 3

[10] Goal is 3; reality has been 3-5 based on most recent 3 rounds

[11] Real Water Losses and Apparent Water Losses are formally defined by AWWA in its manual M36 Water Audits and Loss Control Programs, Fourth Edition (2016).

Figure 5: Reported Non-Revenue Water Percentages



Joint Contract - External

A significant financial incentive for exploring joint third-party contract collaboration on systematic system-wide leak detection services is the ability to share in the mobilization charges that contractors charge. Joint contracts can present savings, particularly as technology advances such as airplane or satellite radar leak detection services emerge.[12] A shared contract presents opportunities for reducing labor hours, mobilization, and fuel costs, and producing scale efficiencies.

Several agencies already employ the same contractor (Utility Service Associates) to support either system-wide or ad-hoc leak detection services, thereby presenting a ready-made joint bid opportunity. In some regions and for some utilities, leak detection work may cluster during certain times of the year (often spring and fall), which can present capacity challenges for contractors. Larger contracts covering more miles of pipe may draw more competition from larger firms with the scale to meet the needs of all interested agencies in a timely fashion and at lower costs.

Joint Contract - Internal

Some agencies have more equipment or available trained staff and may therefore do more leak detection work in-house than others. However, due to the seasonality of leak detection work it may make less sense to try to provide this service collaboratively as an expansion in hired staff that might be needed. Leak detection is more often contracted out than not around the country given the evolving technology and expertise that typically specialized contractors have more experience with. To be sure, field staff are invaluable partners in this work, particularly where asset locations and GIS data are lacking. The local field staff of each agency will be most familiar with their own systems and certainly in the near term is preferable to staff from other agencies for this work. While over time intensive

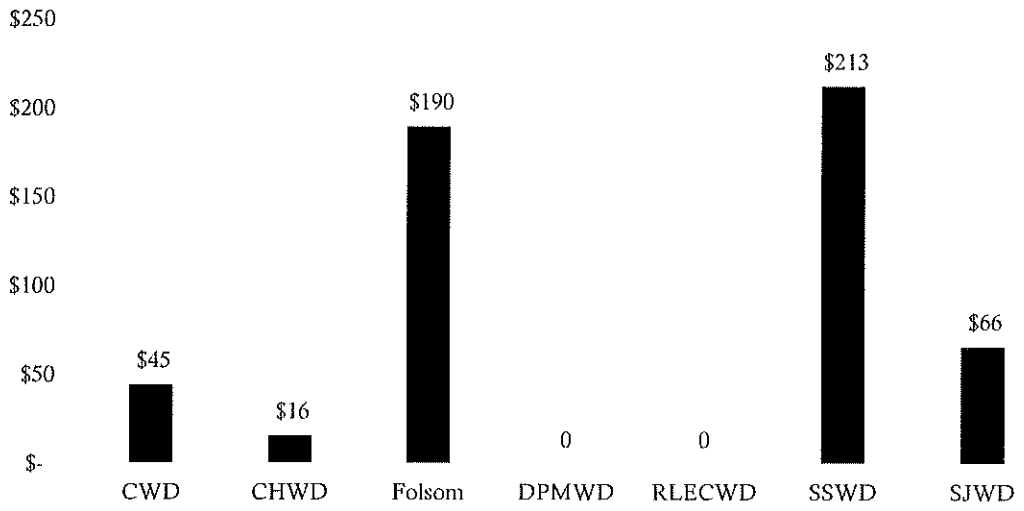
[12] https://utiliscorp.com/, https://www.leakdetectionservice.com/utilis

investments in equipment, cross-training, and broader geographic and asset familiarity could present the opportunity to scale up a regionally shared team of field leak detection staff for deployment to each agency, the pace of technological change in the leak detection space is currently hard to stay ahead of. It is possible that shared resources focused on pipe locates, or GIS technology and best management practices could make more sense than regular system-wide leak detection delivered collaboratively. While ad-hoc leak detection support could present a shared opportunity, this overlaps in part with the section focusing on after-hours emergency support collaboration.

Program Costs

The leak detection costs per total miles of system pipe reported are shown in Figure 6. CHWD, which does not have a system-wide leak detection program, has an expected lower cost per mile compared to the other agencies and indicated that most leaks come to the surface and do not require detection. DPMWD does not have any costs because they do not have regular access to lines located in backyards. RLECWD indicated that a hard pan layer typically brings leaks directly to the surface and so they almost never need to use leak detection services. Folsom and SSWD spend the most on leak detection services. CWD spends the least among agencies that conduct regular system-wide assessments.

Figure 6: Leak Detection Costs per Mile of Pipe[13]



[13] Includes contractor costs as well as water loss audit costs, which are considered as relevant to the leak detection activity throughout the section. The audit is reflective of a higher level of service.

While some agencies that perform regular system-wide leak detection work are spending less than SSWD, SSWD was the only utility that noted that their contracted work includes pipe condition assessments and water loss audit costs. Folsom also has robust contracting and a regular commitment of in-house staff time and equipment supporting an elevated level of service for leak detection activities. CWD and SJWD, do regularly contract for leak detection work with in-house support, but appear to have more pared down services and costs. Table 8 reviews the two tiers of costs based on the average cost for the SSWD/Folsom higher level of service and the average cost for the CWD/SJWD lean approach to demonstrate the range of spending should the region expand to let joint contracts or share in-house resources. A move to the higher level of service would lead to the greatest increase for CHWD, and total annual increase in costs for the region of $114,369. If we assume that a 10% savings can be achieved through a joint contract, the total annual savings for the region under a high level of service contract would be about $36,000 per year. A move to the lean level of service would lead to the greatest savings for SSWD, and a total annual decrease in costs for the region of $145,226. If we assume that a 10% savings can be achieved through a joint contract, the total annual savings for the region under a lean level of service contract would be about $10,000 per year.

Table 8: Leak Detection Cost Analysis

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Leak detection costs per mile of pipe	$45	$16	$190	N/A	N/A	$213	$66
High level of service - Total leak detection programming cost at $201 per mile of pipe	$34,013	$53,060	$78,017	$4,464	$13,320	$148,382	$47,193
Difference in programming cost for high level of service	$26,875	$49,060	$8,294	$4,464	$13,320	$-	$32,471
Lean level of service – Total leak detection programming cost at $55 per mile of pipe	$8,874	$13,844	$20,355	$1,165	$3,475	$38,713	$12,313
Difference in programming cost for lean level of service	$1,736	$9,844	$(49,368)	$1,165	$3,475	$(109,669)	$(2,409)

Recommendations

Two service level tiers emerged upon data review for leak detection with SJWD and CWD spending less and SSWD and Folsom spending more for systematic system-wide leak detection efforts. Despite this, a joint leak detection contract is recommended to achieve savings on activation costs and allow contractors to compete for a large bid with regional pipe miles. Under this joint contract it is possible that agencies could choose either a lean or high level of service if the bidders were asked to quote both models. In order to determine the appropriate next steps on leak detection several outstanding questions must be answered:

1. Among the agencies spending less on system-wide leak detection services (CWD and SJWD), are there elements of the higher cost programs (Folsom/SSWD) that would be attractive to them if collaborative savings were available through joint contracting?

2. Among the agencies that spend more on system-wide leak detection services (Folsom/SSWD), do they feel they are getting value for the significantly higher expenditure they commit to leak detection or are they keen to learn why others (CWD/SJWD) are able to spend so much less?

3. Among the agencies that do not currently perform system-wide leak detection, is there a desire and pathway to pursue a higher level of service through joint contracting, equipment sharing, or perhaps shared resources in support of line locates or contractor management?

4. Might new satellite/radar technology be a pathway to collaborative savings? Note that this technology could render the access issues in DPMWD largely irrelevant due to its remote nature.

To answer these questions the aforementioned Information Clearinghouse could be a useful tool to capture contract specifications and other leak detection documentation such as training materials and equipment inventories for programmatic comparisons that would clarify differences in current levels of service. This would provide a better sense of the reason for the observed cost differences and fodder for additional collaborative engagement prior to future opportunities for joint procurements.

In addition to joint contracting and increased information sharing, in-house staff and equipment sharing may be an option depending on the availability of each. However, during the Study we did not get a clear impression that any agency necessarily has surplus in-house availability to support others on leak detection.

In addition to contract cost reductions, overtime collaborative leak detection activities provide the potential to reduce water losses and sometimes water line failures, which translates to improvements in customer levels of service and reductions in costs.

Paving

All the participating agencies outsource their separate paving activities that follow in-street and facility repairs, replacement, new asset construction, and other pavement disturbances. Major capital projects completed by larger contractors in some cases include paving as part of the cost, or in other cases municipal partners that work on roads complete this work. Several contractors compete for the separately contracted paving work, which is our focus for this collaborative opportunity.

Delivery Options

Participating agencies have three options to provide paving activities, as follows:

1. Status Quo
2. Joint Contract - External
3. Outside Organization Support

These three options are described further in the sections that follow.

Status Quo

The participating agencies report variable per area costs and contract structures across the participating agencies. Opportunities such as joint bidding may therefore be worth exploring.

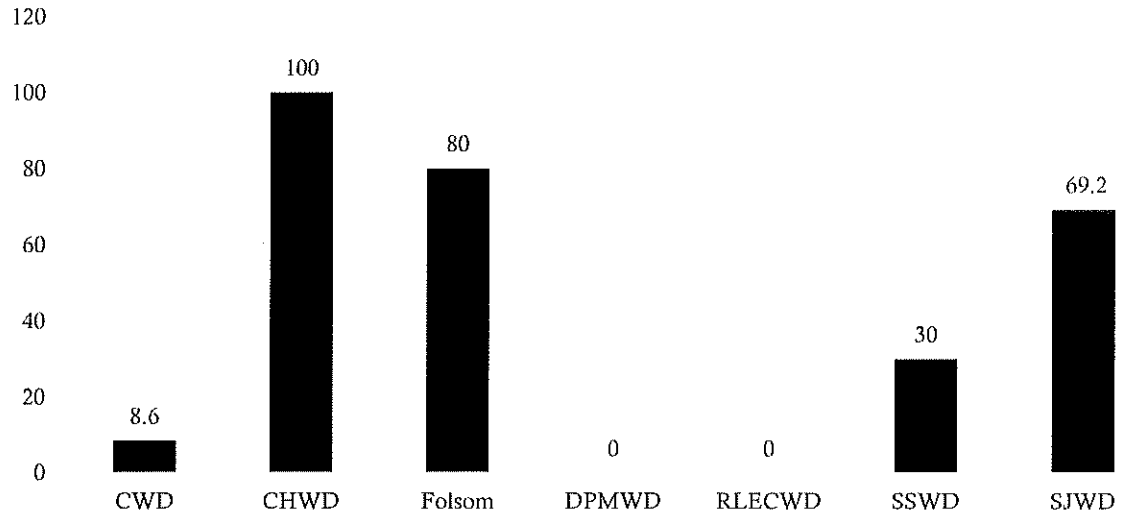
If scale capacities, contracting limitations, or desires to support local firms are not restrictive, cost savings could be obtained, particularly where larger minimum area or multiple year contract commitments are deemed acceptable. While paving requirements (thickness, material, etc.) may vary by participating agency, this would not be prohibitive to contractors since most roads share similar paving requirements. Some participants have cited the success of chemical consortia programs in achieving savings, despite varied requirements, as a template or reason for optimism in exploration of a successful paving collaboration.

Shown in Table 9 are the annual volumes of paving for each of the participating agencies. DPMWD primarily has pipes located in backyards, so they typically have little to no paving. When possible, both the number of paving work orders and the square feet of paved area were collected to gauge volume and size of projects. Figure 7 shows the number of annual paving work orders. The number of work orders do not always equate to a larger size of square feet paved, as can be seen comparing CHWD and SJWD reported annual square feet paved to the number of work orders. Note that Central Valley Engineering and Asphalt has the Folsom contract and bid on SSWD, suggesting that there are regional contractors with scale and appetite for broader coverage.

Table 9: Annual Paving Volume and Cost

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Number of paving work orders (annual)	8.6	100	80	0	N/A	30	69.2
Square feet paved (annual)	N/A	11,000	N/A	0	N/A	8,300	9,000
Contractor	Planet Paving and Grading	N/A	Central Valley Engineering and Asphalt	N/A	N/A	Flowline Contractors, GM Construction & Developer, and others	Sierra National Asphalt

Figure 7: Number of Annual Paving Work Orders



Joint Contract - External

While no contractor is currently contracting with multiple participating agencies for paving work, one firm, Central Valley Engineering & Asphalt[14] is contracted with Folsom and bid on SSWD[15] suggesting it may have the scale, capacity, and appetite required for a large amount of work. Despite the varying paving SOPs among the participating agencies, this should not necessarily be viewed as a barrier to a joint contract. The ability of a joint contract to meet the varying needs of multiple agencies is limited only by the capacity and responsiveness of the firm. It starts with a collaborative procurement that produces a well-crafted engagement agreement. Further, while some agencies have reflected that they prefer to work with smaller hyper-local firms, there may be opportunities for those seeking savings to achieve them through collaboration on a joint contract.

Outside Organization Support

SSWD noted that the Sacramento County Department of Transportation has supported them on paving efforts related to main replacement projects in the past and is believed to offer nominal cost savings vs. contractors. While these efforts generally took place on larger projects where more sizeable street work was done, perhaps the County might be interested in expanding their support to the kinds of paving efforts that the participating agencies contract out typically on a per square foot basis. This may present a new revenue opportunity for the County and savings for water agencies. Working with the County instead of a contractor can reduce inspection effort, ensure standards are met, and reduce administrative effort generally.

[14] https://cenvalley.com/

[15] SSWD is also contracted with Central Valley as part of our annual Water Services Agreement.

Program Costs

Figure 8 shows a comparison of paving costs per square foot. All the agencies with paving work are spending an average of $13.65 per square foot paved. The annual cost of paving has been normalized per square foot of paved area to better compare the paving costs.

Figure 8: Cost per Square Foot Paved

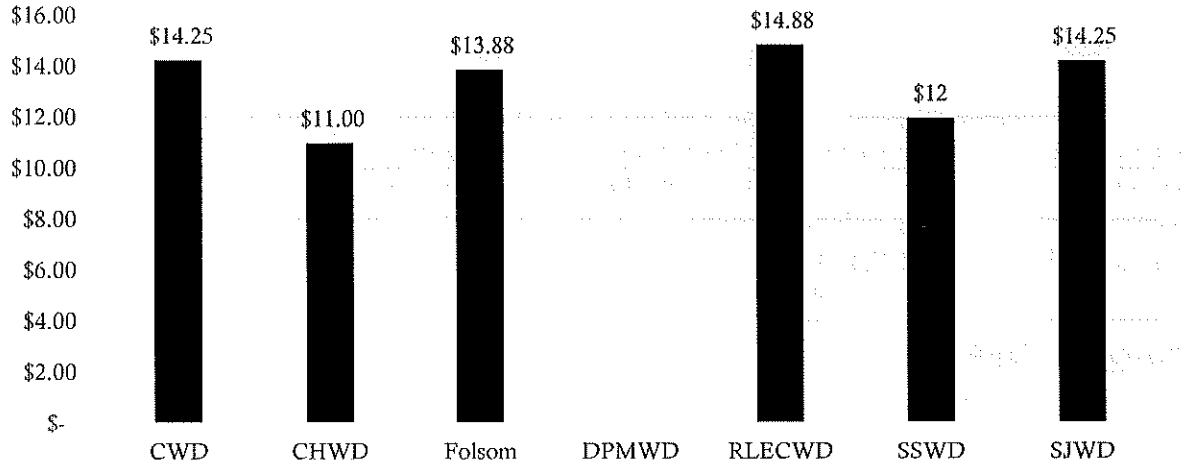


Table 10 suggests that the participating agencies might be able collectively save nearly $110,000 or about 15% of costs if they jointly contracted at the best observed price based on submitted cost data.

Table 10: Paving Cost Analysis

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Total spend (annual)	$172,747	$109,000	$90,161	$0	$25,000	$183,188	$128,250
Total paving cost at $11 per sq ft	$133,348	$109,000	$71,436	N/A	$18,481	$167,923	$99,000
Difference in paving cost for best contract price per sq ft	$(39,398)	$-	$(18,725)	N/A	$(6,519)	$(15,266)	$(29,250)

Recommendations

A joint paving contract appears to be an opportunity for a quick win for interested study participants. While the dollars spent on this activity are not massive, and therefore the savings not all that substantial, this opportunity may be a good place to build momentum out of this Study. It will be

important to identify successful and achievable outcomes, such as this one, to ensure that over time more and more of the 80+ opportunities identified during the work bear fruit for the participating agencies. Still, the opportunity to achieve even deeper savings by working through Sacramento County on this effort should not be ignored. While collaboration with the County is less certain than contracting given that the County typically is involved only in larger projects rather than patch paving, it is worth asking them if they might be interested in smaller scale paving revenue opportunities before potentially pivoting to a joint contractor procurement.

Stand-by / Emergency Operations

Stand-by / emergency operations occur after normal business hours to address a concern or a system issue such as a leak or service failure. Discussions pertaining to the stand-by / emergency operations opportunities focused on after-hours on-call staffing costs and resource availability. Most participating agencies provide rotating staff with stipends or additional pay for weekly on-call duty with overtime pay for callouts. Other costs include dedicated vehicles, as well as answering service and other supporting technology costs (e.g. dedicated iPads, SCADA alarm systems).

Delivery Options

Participating agencies have four options to provide stand-by / emergency operations, as follows:

1. Status Quo
2. Joint Contract - External
3. Joint Contract – Internal
4. Consolidated Provision

These four options are described further in the sections that follow.

Status Quo

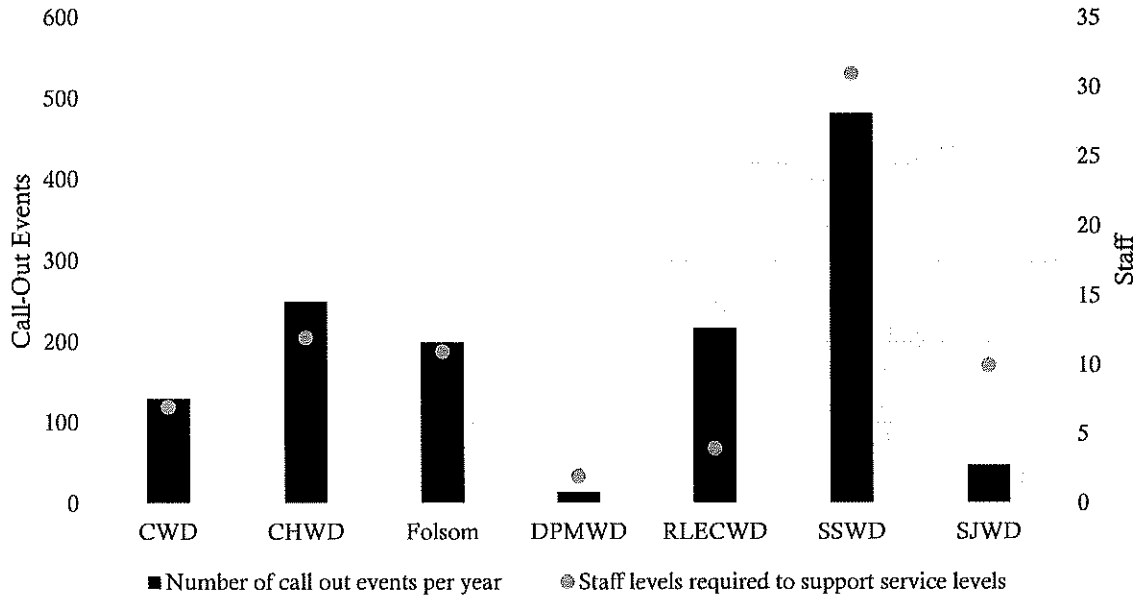
The number of emergency call-out events each agency responds to annually is shown in Table 11. The number of call out events refer to any instance where either the designated individual that is staffed on-call during after-hours times is dispatched with or without a support team. This table also shows the staff levels that are required to support the service levels currently provided. Staff levels reflect the number of people rotating through the on-call role, which typically rotates each week to provide equal opportunity for overtime pay and to divide workload equitably.

Table 11: Annual Call Out Events

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Number of call out events per year	130	250	200	15	218	483	47.5
Staff levels required to support service levels	7	12	11	2	4	31	10

Comparing the number of call out events per year across the agencies as well as the staff levels required, Table 11 shows that some agencies are staffed at a similar level to each other while the call out event volume is significantly different. In other cases, such as when comparing Folsom to RLECWD, the call out event volume is similar, but the staff level is quite different. Figure 9 presents the information from Table 11 in graphical form.

Figure 9: Call Out Events per Year and Staff Levels Required



Joint Contract - External

For joint contracts in this area the most likely opportunity is for a joint answering service to reduce cost redundancy in that area. The answering service could be an automated system that would route calls to each participating agency's dispatcher on an only-as-needed basis for events that are appropriately handled by the utility staff during after-hours periods. It is possible that this service would help reduce the call volume required to be handled by overtime staff. Some have indicated that certain calls, such as wastewater related issues, need to be forwarded elsewhere. CWD spends nearly $36,000 on answering services, while SSWD spends only $6,100 per year, CHWD $4,000 per year, and DPMWD just $2,000[16] per year. It may be worthwhile for the other agencies to get a better understanding of what each technology can offer to see how it might be deployed regionally at the lowest possible cost.

Joint Contract - Internal

Some agencies have expressed reservations about having staff from other departments handle stand-by or emergency after-hours staffing due to lack of system familiarity or other unknown concerns. However, for those that are interested, and particularly over time if SOPs, asset types, materials and

[16] This was noted to be an estimate that includes the answering service as well as other technologies.

supplies, and emergency response protocols are aligned, it may be possible for the larger agencies to support the smaller agencies with stand-by emergency response. Some larger agencies in the region may have sufficiently infrequent rotation intervals that there is the possibility that staff would have an appetite for more overtime opportunities in support of smaller agencies where staff may be overburdened given the many hats they wear during normal operations and the additional burden of overtime needs. SSWD indicated such an arrangement may be possible. For some more routine after-hours calls the smaller agencies might not need to deploy any local staff in response, while local staff with key expertise could still be deployed as needed for more serious or unique circumstances. Other possible models might allow for more than just dispatcher support to avoid contractor costs during emergencies where some agencies don't have sufficient staff, equipment, or expertise to handle a given job alone.

Consolidated Provision

There are options for consolidated provision, but these are applicable down the road after demonstration of successful joint contracted approaches. Opportunities exist for a joint after-hours dispatch center, instead of a contract operated center. Depending on the training provided to the dispatch center workforce, there are opportunities for enhanced customer service with this approach. These include improved information and diagnostics for callers and limited account access services (bill information). A joint interactive voice response (IVR) system could complement these efforts or could be an alternative. There are also possibilities for a joint (pooled) after-hours workforce. Again, these should be considered after successful demonstration of joint contracted approaches and additional alignment of SOPs, policies, practices, etc.

Program Costs

The annual costs of labor and equipment for call out events have been normalized per call out event for comparison between agencies, as seen in Figure 10. These costs exclude answering service costs which are shown in Table 12. Note that SJWD spends far more than others on a per event basis as they reported by far the fewest events for a larger agency, while RLECWD spends far less than others per event as they had a relatively high number of events for the size of the district.

Figure 10: Labor and Equipment Costs Per Call Out Event

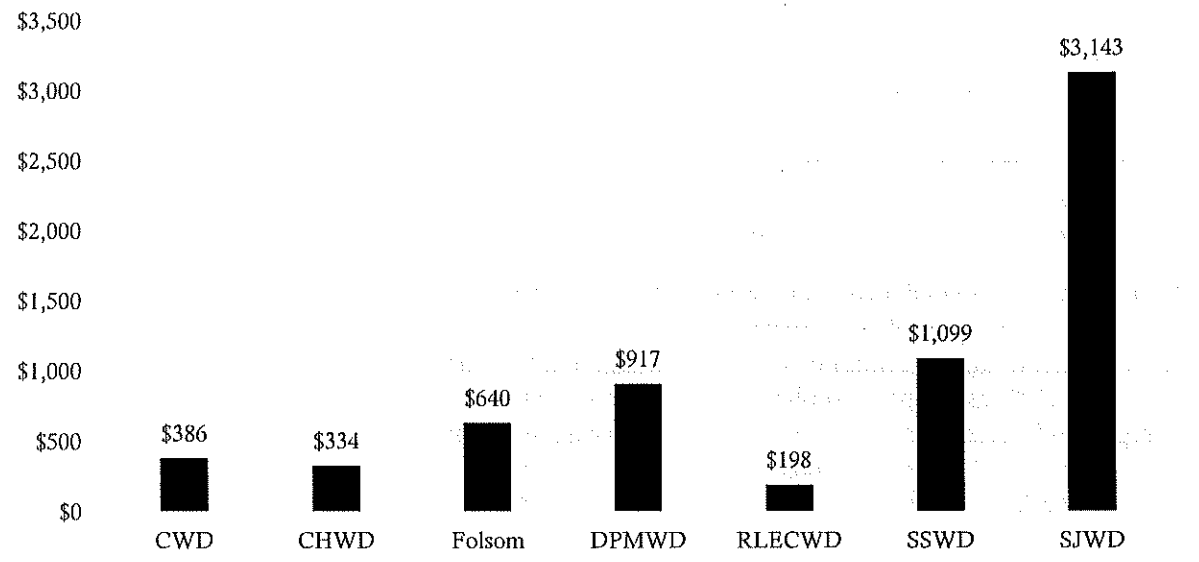


Figure 11 shows the number of weeks per year divided by the available staff for each agency and therefore gives an indication of the number of weeks of stand-by duty required of staff per year. Also shown is the number of weeks of stand-by duty required by staff if all participating agency staff were shared, therefore normalizing the weeks per year per agency, which would be about 4.7 weeks per year. Folsom, CHWD, and SJWD staff stand-by requirements are about average for the region, while CWD, RLECWD, and DPMWD are required to be on stand-by more often, and SSWD staff less often. To equalize the burden on staff at CWD, RLECWD and DPMWD, SSWD would need to provide service 36% of the time for CWD, 82% of the time for DPMWD, and 64% of the time for RLECWD.

Figure 11: Staff Stand-by Weeks Per Year

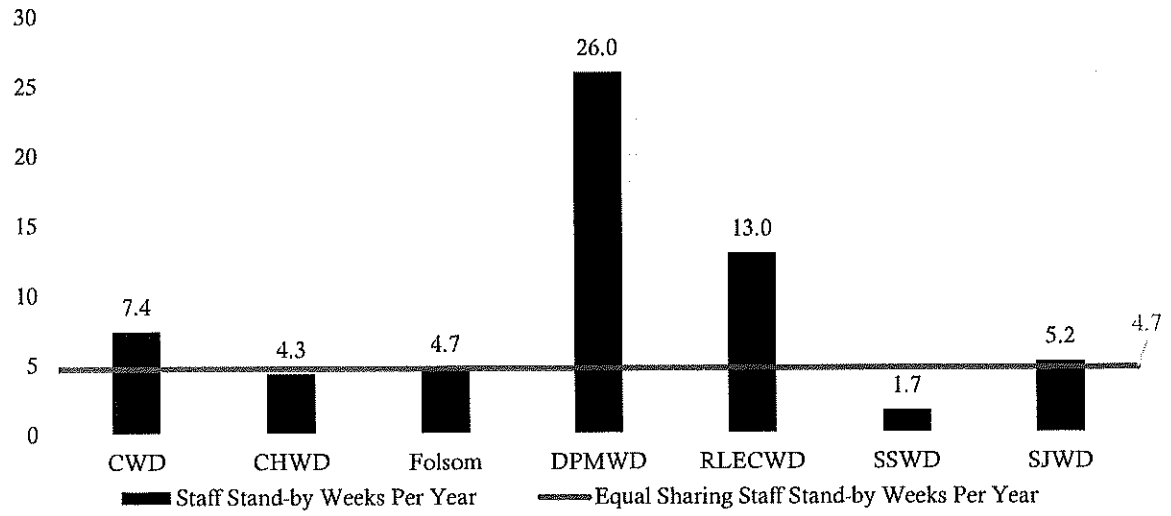


Table 12 breaks down costs for stand-by/emergency operations staffing and dispatch, excluding contracted support for emergencies requiring that a team be dispatched. The most likely participants in a shared service for staffing, dispatch duties, and callouts are SSWD and those smaller utilities that are near SSWD, namely CWD, DPMWD, and RLECWD. Costs for a scenario in which SSWD takes on stand-by duties for these agencies at the SSWD per call-out labor and equipment cost for a one FTE on-call level of service (which divides the SSWD rate by 3 as they staff 3 at a time) are reflected in Table 12. In this scenario SSWD service reduces the weeks of stand-by duty per staff per year to a smoothed regional level of about 4.7 weeks per year per staff for the agencies it supports, while also increasing the service levels to those agencies.

Also in Table 12 a shared answering service with additional capabilities to service the region has been estimated as the average of the costs provided by all participants less a 25% discount given technology efficiencies. The higher estimate of a 25% savings for the answering service (relative to the more conservative 10% assumption applied to several other collaborative contract opportunities detailed in this report) reflects the economic reality that technology investments scale more efficiently than other expenditures because common technologies spread over more users do not require incremental units of capital and labor all while technology development costs are spread over a larger user base. Still, where select study participants have zero or less advanced answering service capabilities, the increase in cost for some would need to be justified by the technologies ability to reduce after-hours call and dispatch requirements.

The most significant financial impacts of this scenario include an increased cost per year of about $32,147 for RLECWD, and reduced cost for CWD of about $28,099. This impact results from the relatively high call volumes at RLECWD with 64% of weeks now supported by SSWD at the SSWD rate, which is nearly 2X the reported RLECWD rate even when cut to one third for reduced after-hours staffing. Overall, the shared after hours service and enhanced answering service is estimated to cost the region just $30,334 more than current spend levels in aggregate. In addition, resources that are constantly working after hours in smaller communities would be less stretched and idle resources at SSWD would have the opportunity for more overtime work.

Given that RLECWD's cost per event is significantly below all others, it may be worth revisiting the reported data to understand the differences. If costs to have SSWD support after hours requirements at a smoothed level are indeed cost prohibitive then this concept may not be attractive to RLECWD but perhaps a scaled down version might be attractive. The goal of this concept is to leverage the larger staff at SSWD to support burdened smaller staff at neighboring utilities by offsetting call outs in excess of regional average staff stand-by utilization of about 4.7 weeks per year per staff. The scenario would be executed using a schedule and service agreement. It is expected that this scenario could be complemented by reduced staffing needs through leveraging the best available answering service technologies under a joint contract. It is difficult to precisely estimate the reduction in staffed calls that the answering service could handle.

Table 12: Stand-By / Emergency Operations Cost Analysis

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD[17]
Labor	$45,700	$83,565	$127,990	$12,758	$43,184	$373,282	$160,772
Answering Service	$35,990	$4,000	$0	$1,000	$0	$6,100	$0
Other - IT / Equipment / Vehicles	$4,500	$0	$0	$1,000	$0	$11,479	$11,479
Total costs per year	$86,190	$87,565	$127,990	$14,758	$43,184	$536,881	$149,293
Shared level of service labor and equipment costs (assumes SSWD per event costs for some calls for CWD, DPMWD, and RLECWD)	$49,262	$83,565	$127,990	$6,997	$66,502	$530,781	$149,293
Shared answering service	$8,829	$8,829	$8,829	$8,829	$8,829	$8,829	$8,829
Total cost with SSWD support for some and answering service for all	$58,091	$92,394	$136,820	$24,818	$176,928	$539,610	$158,122
Difference in cost	($28,099)	$4,829	$8,829	$1,068	$32,147	$2,729	$8,829

Recommendations

A jointly contracted answering service or a joint IVR may be appealing. A well-designed service can reduce demands on staff time after hours. Coupled with afterhours support for smaller agencies by larger agencies, these collaborative changes could help to ensure that regional staffing is deployed after-hours more efficiently to respond to events. If some agencies are stretched thin and exhausted from after-hours duties and another would like more overtime opportunities for staff, then regional deployments during after-hours would appear to make sense for all. If the participating agencies do not wish to work towards collaboration on regular afterhours staffing, then support in lieu of contractors during select emergencies only may be another model for shared staffing. Next steps include:

[17] While these costs may appear low for SJWD they are accurate based on the very few reported call-out events, which are the basis for the cost calculations.

1. A review of the coverage already offered by Mutual Aid Agreements for typical after-hours emergency support and any needed changes to accommodate more regional shared services after hours.

2. Confirmation of the availability of SSWD staff for after-hours support in neighboring communities that are stretched.

3. A review of the capabilities of the varying answering services used in the region and how the technologies differ.

4. A discussion with the answering service provider about the possibility of a regional system or deployment of IVR technologies.

Water Conservation Programs

Water conservation programs promote the efficient use of water resources by customers through education and awareness. The participating agencies operate in a Mediterranean, but drought susceptible climate in the northern half of California's Central Valley. They share limited and variable surface and groundwater supplies, which are coveted by other area users and those in the southern parts of the state. The water conservation program opportunity represents a chance to reduce water usage collectively and individually by encouraging efficient water use among customers. While reduced water usage can initially seem counter intuitive to a water utility because it presents the risk of revenue reductions (reduced volume consumed), well-designed practices can help to ensure water rates fully recover revenue requirements even on reduced consumption units. At the same time, regardless of the delivery option for messaging, programming, and incentives it can be difficult to directly measure the impacts of any one intervention or change in practice.

A component of a water conservation program is education detailing water usage trends and resulting impacts on rates. As such, and as reflected in the collective appetites for pursuing this opportunity, the participating agencies should consider enhanced water conservation through collaborative action to be both financially viable and practically important to pursue. Indeed, it is both the last drought, and the next, that should motivate such action.

The water conservation program opportunity was framed as an area where collaboration could occur to augment existing efforts by each participating agency to provide customer service programming and materials coordination. The goal is to foster joint efforts to enhance the communications channels that agencies utilize to increase awareness and participation in conservation activities.

As the participating agencies consider their relative spend overall and per capita relative to peers, as well as the programmatic detail in the Study's Activity 2 Report Appendix covering normal operations and drought only initiatives, each may find opportunities for enhancement through the various collaborative models to be explored in the following sections.

Delivery Options

Participating agencies have five options to provide water conservation programs, as follows:

1. Status Quo
2. Joint Contract - External

3. Joint Contract - Internal
4. Outside Organization Support
5. Consolidated Provision

These five options are described further in the sections that follow.

Status Quo

All the participating agencies except for DPMWD have dedicated water conservation programs in place. A table detailing the many varied channels, enforcement mechanisms, events, incentives, management tools, and other programming and messaging activities that each participating agency engages in is detailed in Appendix B of Activity 2. The participating agencies with water conservation programs use both internal staff resources as well as outside resources to provide the materials, incentives, and activities.

Water conservation programs may include the following:

- Educational materials and communication
- Outreach events and educational opportunities
- Incentivized or free water saving devices and equipment
- Water efficiency evaluations
- Water usage management tools
- Water conservation enforcement

Of the 71 unique water conservation initiatives identified by the participating agencies during Activity 2, SSWD is engaged in the most comprehensive program, covering 65 of those initiatives. Folsom has the second most comprehensive program with 43 initiatives, followed by CWD with 38, SJWD with 24, CHWD with 29 RLECWD with 7, and DPMWD with 0. Some of the smaller agencies reflected that community constituents might be opposed to water conservation initiatives because they feel that if water is not used, then it is at risk of being taken away by the State. This is highly speculative and may cause the utility to spend unnecessarily on pumping, treating, and distributing excess water. This does not benefit customers. Other participating agencies with relatively less extensive programs, may include stakeholders, whether on staff of the agency, on their Boards, or among customers, that feel water supplies are sufficient such that water conservation activities are a lower priority than other areas of focus. Further, some may fear that overly aggressive water conservation programming might threaten revenues. Despite these sentiments, there are current initiatives that many agencies feel they could save money on through collaboration and others where they would like to add or augment service levels through collaboration.

While the Status Quo approach maintains local control, it may not represent the approach offering the most value for customers of agencies seeking to find savings or enhance service levels. It also does not project a unified message about water conservation. A joint contract or other outside support, whether through an internal or external contract, or RWA, allows for specialization and the advantages of specialization as well as scale efficiency. If engaged for message and material development, for example, resources with expertise on content creation and knowledge of overlapping regional needs may be able to free up multi-tasking resources currently providing redundant services as each individual agency. Joint efforts might also reduce printing costs as scale increases. However,

the three modes of collaboration may diverge in their advantages, for example, an external contract frees up staff resources at all agencies, while an internal contract might benefit from lessons learned at agencies with already higher service levels, while finally, expanding the reach of existing RWA mechanisms might benefit from meetings, processes, and regional knowledge of needs that are largely already in play.

While the status quo only more narrowly achieves collaborative benefits in areas where it already occurs, such as joint coordinated communication efforts during droughts or through RWA, there are potential disadvantages to more collaborative models that must be considered as well. Fundamentally any new joint initiative, whether internal, external, or through RWA will require some administrative effort to setup and manage. Further, joint efforts may raise concerns about equity and value that must be addressed in program design to ensure participants get their fair share of benefits. The procurement process itself is a disadvantage of the external contractor approach due to the administrative effort and time it demands. Outside organizations may only be able to service isolated elements of areas of water conservation program collaboration interest. Finally, internal contracting may heighten equitability concerns if resources from one agency are deployed to perform the service or if larger entities are perceived to have excess influence on resource deployment.

Joint Contract - External

The participating agencies have varied goals and services levels, and associated relative expenditures, relating to contractors/consultants providing water conservation services, water efficiency supplies or incentives, and outreach materials. Potential areas for joint external contracting may be identified from existing contracts for material development and printing, and there may be other new opportunities for agencies to explore as well to augment service levels as desired in a cost-effective manner. In the realm of opportunities that are new interests for some but existing contracts for others, RLECWD indicated that they are looking at a pilot opportunity for customer portal software that allows users to track usage and potentially modify behavior to reduce bills accordingly. Two participating agencies have similar technology, suggesting a joint contract in this area could benefit the region where standards align.

SJWD has a consultant to design information material for the water conservation program. Other participating agencies may wish to have information materials designed by a consultant as well. This could lead to a joint contract to design shared educational materials. SSWD has an annual contract for public relations services, which includes the water conservation program as well as other public relations needs of the agency. A joint external contract for public relations services relating to water conservation may allow agencies with multi-tasking staff, such as in CWD, CHWD, and RLECWD, to free staff time up to spend on other function needs. Other options include coordinating joint newspaper print ads to reduce individual ad expenditures and increase ad reach and bulk purchasing of water efficiency materials at reduced pricing.

Joint Contract - Internal

Sharing services and collaborating with internal resources has the potential to provide high levels of service with somewhat lower total expenditures. These shared services could include running joint outreach campaigns and joint rebate programs that are managed by the participating agencies, contracting with an agency with more staff resources to develop the materials. Other options may include outreach campaigns like the ones the agencies currently partner on, such as the student art contest. Schools are presented a different water awareness theme each year and students create drawings based on the theme. This is a great example of a shared resource that will have a lower expenditure if more agencies are involved. During droughts, all agencies noted that water conservation activities are increased and, in some cases, additional staff and resources are allocated. An internal contract that is used to provide additional support during a drought, such as staff time or joint mailers, would allow the participating agencies to ramp up communications to customers during these periods of need.

Other identified options include joint workshops or collaborative landscape irrigation reviews. SJWD holds six on-site workshops each year that are focused on water conservation conservation-related topics. Typically, these include landscape design, irrigation management, tree pruning/tree care, right plant/right place, irrigation system repair/maintenance, smart controllers, and native planting to attract wildlife. CHWD conducts multiple in in-person WaterSmart classes which cover topics such as reducing landscape water usage and lowering costs. These classes were offered online this year by CHWD. The participating agencies could develop a joint internal contract to share educational materials and partner on workshops. Perhaps the agencies could provide joint workshops/classes for the region and even increase the number of offerings. SJWD staff provide landscape irrigation reviews by appointment. These reviews help identify potential water leaks, misguided sprinklers, and excessive irrigation run times. Providing this service through an internal contract with the participating agencies would be another way to leverage the enhanced programs of some agencies.

Outside Organization Support

The Regional Water Authority (RWA) offers programming to support regional collaborative success. The participating agencies identified an appetite for more regional collaboration offerings during the opportunity prioritization process. This suggests that RWA and other activities could be expanded.

RWA's Regional Water Efficiency Program (RWEP) provides a regional toolbox for water conservation education. In 2019, RWEP partnered with five of the program participants, including SSWD and Folsom, to promote water conservation activities and RWA covered costs for graphic design and half of the direct costs for advertising for running co-branded ads.[18] SJWD hosted RWEP's Mulch Mayhem event which provides free mulch to customers; mulch preserves the water in the soil and prevents weed growth. The participating agencies could expand their participation with RWEP and explore opportunities, such as joint advertising, educational webinars for customers, and joint Water-Wise House Calls contract to reduce expenditures while increasing services. Further, RWA's Check and Save campaign messaging and outreach tools can be used by all members. Some

[18] Regional Water Authority, The Regional Water Efficiency Program 2019 Year in Review, https://rwah2o.org/wp-content/uploads/2020/06/RWEP_2019AnnualRecap_5.pdf

communities do not participate in RWA, or even if members may not fully utilize what is provided by the RWA program; however, it is also possible that the regional toolbox could deliver even more.

Another element within this area of opportunity is a concept of involving Non-Government Organizations (NGOs) such as community non-profit groups to provide installation or cost assistance to low-income households to improve their indoor or outdoor water efficiency.

Consolidated Provision

If initial collaborative efforts on water conservation programs take root, then additional unification of programs is a possibility. This would allow the region to set more uniform conservation goals and offer coordinated programs. This would prevent a person in one neighborhood from receiving different messaging than a person in another neighborhood, simply because they have different utility providers. Even though each of the participating agencies have unique water rights, they all operate under the same general hydrologic conditions. This means that their conservation programs should have a high level of alignment.

In the future, a consolidated water conservation program model is possible. This is an evolution of the joint contracting and Outside Organization Support options.

Program Costs

The water conservation program costs are related to the specific employees dedicated to water conservation and the additional external costs, such as consultants developing outreach materials, printing outreach materials, fees towards RWA's efficiency program, and water efficiency evaluations costs. Figure 12 shows the annual costs of water conservation programs at each participating agency. The three largest agencies (Folsom, SSWD, and SJWD) have the highest total costs. However, as shown in Figure 13, CWD, and Folsom have higher spending in terms of conservation program spending per capita.

Figure 12: Costs of Water Conservation Programs

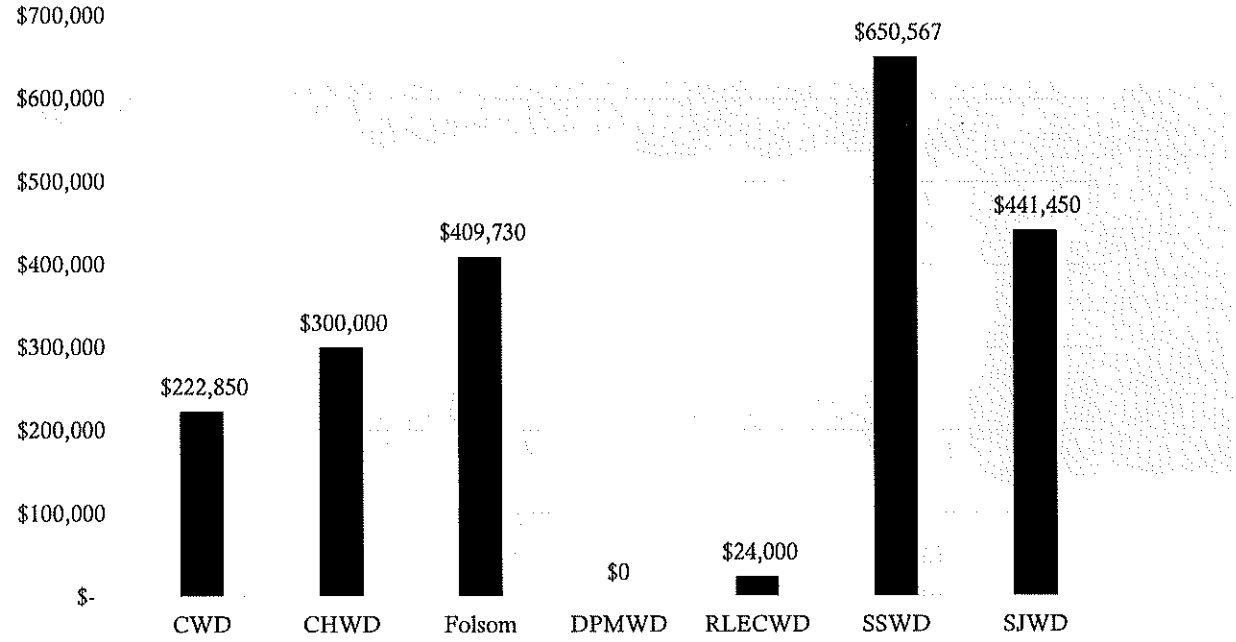
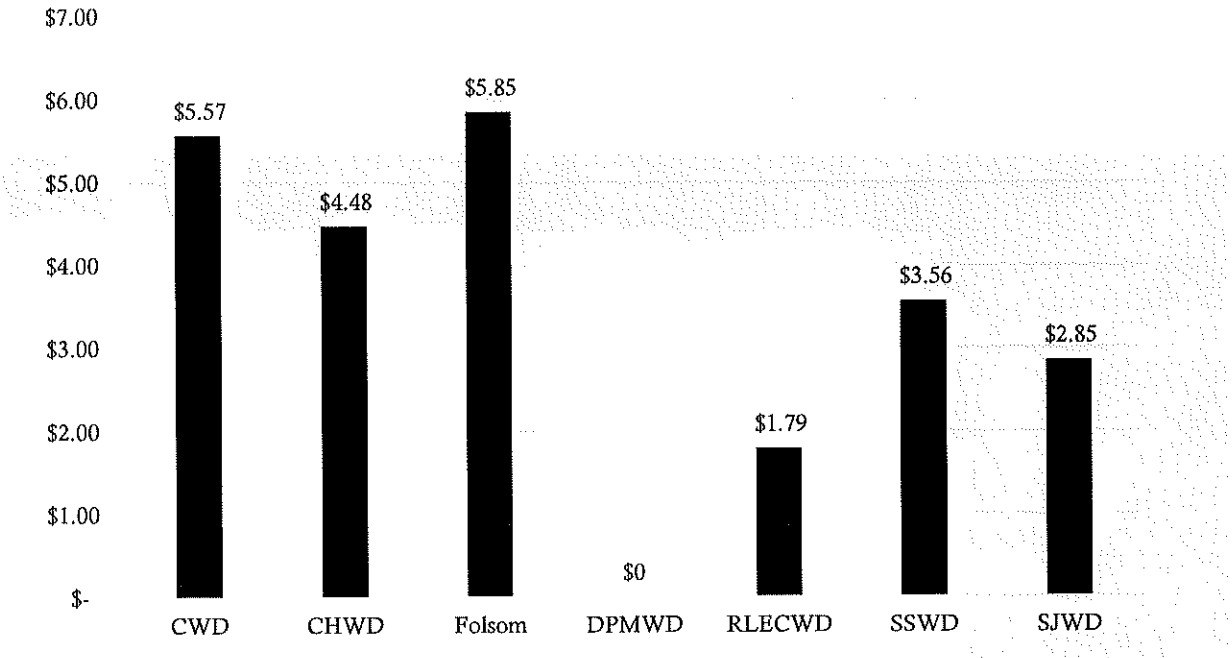


Figure 13: Costs of Water Conservation Programming Per Capita



The water conservation programs of each agency provide varying levels of service (see Appendix B for programmatic detail). Comparing the potential costs relating to the options to develop a joint external contract or joint internal contract, and further leverage other organization support really depends on the extent to which these options are employed. Consider that Folsom currently has the

highest water conservation program cost at $5.85 per capita. If all the other agencies spend at an equivalent level, the cost of the program and the difference in cost is shown in Table 13.

Table 13: Water Conservation Program Cost - Status Quo

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Status Quo – total programming cost	$222,850	$300,000	$409,730	$0	$24,000	$650,567	$441,450
High level of service - Total programming cost at $5.85 per capita (Folsom level)	$234,131	$392,170	$409,730	$29,073	$78,434	$1,068,225	$905,977
Difference in programming cost (line 2 minus line 1)	*$11,281*	*$92,170*	*$0*	*$29,073*	*$54,434*	*$417,658*	*$464,527*

While the comparison in Table 13 provides a general idea of the cost difference in ramping up levels of service across the different agencies, the cost of the options presented in this report is more complex and how they are implemented will impact spending at each agency. Costs provided by the participating agencies were sometimes specific enough to allow for assumptions about costs relating to the options to develop a joint external contract, joint internal contract, and expand other organization support. Table 14 highlights the specific areas in which the costs may be impacted: the water conservation program staff costs, the print media consultant costs, and the RWA Regional Water Efficiency Program related costs. Table 14 also provides some cost information about water efficiency supplies or incentives, but the information was not provided separately by all agencies.

Table 14: Current Water Conservation Program Costs - Detailed

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Dedicated Water Conservation FTE	1.83	1.5	3	0	0.33	2	3
Total FTE Costs	$198,050	$89,440	$400,730	$0	$24,000	329,373	$441,450
Consultant, Print Media, & Miscellaneous Costs	$1,500	$47,000	$9,000	$0	$0	$225,824	$98,080
Water efficiency supplies/incentives (if broken out of cost)	$8,000	$9,275				$56,000	
RWA Regional Water Efficiency Program related costs	$15,300					$39,370	

For the joint contract - external option, the potential to share consultant costs to design information material was considered. SJWD currently has an annual contract with a consultant to design information material totaling $98,080 across both retail and wholesale customers. For this calculation, the contract is assumed to include printing costs as well. This breaks down to $0.63 per capita. If a joint contract is assumed to result in a 10% discount, the per capita cost would be $0.57. The cost for each agency to pay for the consultant based on the population they serve is shown in Table 15. The total related programming cost as well as the difference from the total programming cost at status quo is also shown. Aggregate 10-year savings of $776,335 are estimated via this approach (this is the sum of the last line of Table 15 multiplied by 10 years). This joint contract option may also likely reduce employee time spent on certain related tasks, which could free up multi-tasking staff for other functional needs, potentially reducing contractor support needs in other areas or enhancing service levels.

Table 15: Water Conservation Program Cost Estimate - Joint Contract - External

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Joint Contract - External – Consultant Cost Based on $0.57 per capita (SJWD contract costs with 10% savings)	$22,812	$38,210	$39,921	$2,833	$7,642	$104,080	$88,272
Joint Contract - External – Total Programming Cost replacing current contract costs with line above	$244,162	$291,210	$440,651	$2,833	$31,642	$528,823	$431,642
Difference between Status Quo and Joint Contract – External Total	*$21,312*	*($8,790)*	*$30,921*	*$2,833*	*$7,642*	*($121,744)*	*($9,808)*

A joint internal contract would likely consider the areas of program administration and outreach and education that could be shared across agencies. The cost sharing here would be very specific to the agencies that are sharing services and the amount of time agreed upon. For example, CHWD has the lowest water conservation FTE costs at $59,627 per staff, while DPMWD and RLECWD have the fewest water conservation resources at just 0 and 0.33 FTE respectively. If these three agencies developed a joint contract for CHWD to provide 0.5 of their current FTE total as support for the two other agencies (DPMWD and RLECWD would each pay for 0.25 FTE), CHWD could recover additional revenue should their staff have capacity to provide this support. In this scenario, DPMWD could increase service levels for the lowest possible cost, and RLECWD could expand service levels at a savings as compared with their own per FTE costs. This example is detailed in Table 16.

Table 16: Water Conservation Program Cost Example - Joint Contract - Internal

	CHWD	DPMWD	RLECWD
Cost per Water Conservation FTE	$59,627	N/A	$72,727
Current Total Water Conservation Costs (Status Quo)	$300,000	$0	$24,000
Joint Contract – Internal – Total Programming Cost CHWD assists DPMWD and RLECWD	$270,187	$14,907	$38,907
Difference between Status Quo and Joint Contract – Internal Total	*($29,813)*	*$14,907*	*$14,907*

CWD and SSWD currently budget $15,000 and $39,370 annually for costs related to the RWA Regional Water Efficiency Program respectively. CWD notes this is related to regional outreach and communication materials whereas SSWD notes this is budgeted for Water-Wise house calls from the program. The other participating agencies did not provide specific budgets relating to RWA.

It appears that the RWA Regional Water Efficiency Program provides an existing toolbox for regional outreach and communication, which can be potentially enhanced. Because the capabilities of RWA are shared across agencies beyond the Study participants it would be hard to estimate cost impacts of greater levels of service from RWA – even if 1 FTE were added; however, the cost impacts to each participant would likely not be substantial other than for those that are not currently RWA members should they decide to join.

Recommendations

Using water resources wisely should be the goal of all the participating agencies. An effective conservation program is necessary to meet this goal. Even agencies with seemingly adequate water resources and more pressing needs for funding will realize benefits from using water resources wisely, among them are lower capital and operations costs associated with pumping and distributing less water per capita. While there may be some short-term challenges associated with rate design and funding conservation programs, the value should more than offset any drawbacks.

The core utility messaging to consumers about water conservation should be very similar across organizations to eliminate stakeholder confusion. By leveraging the similarities, the participating agencies can use common communications tools and leverage many similar program elements. This provides opportunities to achieve efficiencies. This means that the participating agencies and their customers benefit by taking a more regional approach to water conservation. This doesn't mean that all the participating agencies need to invest the same amount in conservation programs, nor do they even need to offer the exact same programs. They simply need to collaborate on the universal elements to achieve benefits.

The analysis performed highlights advantages of Joint Contracting, both internal and external, while taking advantage of Outside Organization Support largely coming from organizations like RWA. It shows that there is potential for cost savings through agencies working together, given similar program elements. Quantification of the exact savings levels expected is difficult to determine since each agency currently provides a different level of service to customers.

Water Supply

The Sacramento Region's water suppliers have opportunities to preserve and leverage their water assets through collaboration. Table 17 shows the participating agencies' water supplies and water demands. Availability of dry-year supplies depends on regulatory conditions and past water use. This section provides the rationale for engaging in collaborative water supply management, assesses collaboration opportunities, and identifies opportunities where collaboration can provide short-term and long-term benefits. The section also describes mechanisms to engage the identified collaboration opportunities.

Table 17: Participating Agencies Water Demands and Supplies (AFY)

	1	2	3	4	5	6
Agency*	Current Demand (Annual)	Future Demand	Own Surface Supply	Contract Surface Supply	Own Reasonable GW Capacity**	Future Surplus / Deficit w/ GW = (3+4+5)-2
SJWD	12,000	13,000			0	
CHWD	12,400	13,100			5,000	
FOWD	8,800	9,600	33,000	49,200	8,343	55,343
OVWC	3,500	3,900			500	
Ashland	1,100	1,100			0	
San Juan Family Totals	**37,800**	**40,700**	**33,000**	**49,200**	**13,843**	**55,343**
DPMWD	1,700	1,700	0	0	2,460	760
CWD	10,000	10,000	32,627	0	2,200	24,827
SSWD	29,000	39,567	0	55,064	135493	150,990
Folsom	19,000	28,200	34,000	0	0	5,800
RLECWD***	2,500	17,000	0	0	15767	-1,233
Other Agency Totals	**62,200**	**96,467**	**66,627**	**55,064**	**155,920**	**181,144**
All Agency Totals	**100,000**	**137,167**	**99,627**	**104,264**	**169,763**	**236,487**

*Agencies include portions of service areas and retail entities
**Capacity determined from recent published planning documents
***Future contract supplies that have not been secured, such as those noted in other reporting in support of the RLECWD future demand in excess of current supplies, are not included in the table

Rationale for Water Supply Collaboration

The participating agencies may have numerous reasons to engage in water supply collaboration activities. Regional water supply collaboration can: a) help improve water supply reliability, b) help preserve each entity's water assets, and c) potentially create revenue streams. The intersection of all three items should be considered in the context of developing regional collaborative water asset management opportunities.

Preservation of water assets should be a primary driver for the participating agencies. Regulatory and climatological factors continue to lessen the availability of water supplies that were once considered firm. For example, the State Water Resources Control Board (SWRCB) curtailed all of CWD's surface water supplies in 2015, including its 1915 License and other pre-1914 appropriative water rights on

the Sacramento and San Joaquin River systems with priority dates as old as 1903.[19] The frequency of curtailments, like this one, may become more common in the future as the regulatory conditions tighten and climatological conditions change. The Bay-Delta Water Quality Control Plan (BDCP) may permanently change water rights in the Sacramento River watershed. In 2018, SWRCB adopted BDCP amendments on the San Joaquin River system that require increased "unimpaired flows" in the tributaries of the San Joaquin River.[20] Implementation of the new San Joaquin River standards will occur through "water right actions or water quality actions."[21] The American River watershed purveyors will likely experience a similar future and have already taken some actions to counter the potential water rights changes.[22] In addition, California's climate change predictions indicate reduced snowpack (reduced water storage) and climatological extremes that may impact long-term water supply availability trends.[23] Given the past actions and possible future developments, regional purveyors are wise to protect their water assets to maintain reliable water supply deliveries to their customers.

Preservation of water assets has a financial component. Water assets have a monetary value that will likely increase over time as water scarcity, specifically surface water scarcity, becomes more acute. As noted in the Activity 2 report, the current water asset value of *surplus water* in the region approximates $250 million (see Activity 2 Report) and the future value will likely be much higher. Accordingly, the actual value of the regional water supplies necessitates collaborative actions to preserve purveyors' primary capital asset – water.

The participating agencies and their ratepayers should protect water assets that they have expended time and money to develop. As noted elsewhere in this report, the regional purveyors have significantly invested in water conservation messaging, irrigation efficiency programs, and regionally sponsored lawn replacement and water-fixture replacement programs. In addition, the participating agencies' ratepayers have spent money to replace aging water fixtures, improve landscape water efficiency, and improve conservation *at the personal level* – completely outside of any regionally-sponsored programs. These financial investments have created real water conservation savings that should be protected and preserved under applicable laws. Others may seek to reap the benefits of the region's expenditures to conserve and more efficiently use water.[24] All of the other collaborating

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[19] https://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/docs/prel-curtailmentjun2015.pdf

[20] https://www.waterboards.ca.gov/waterrights/water_issues/programs/bay_delta/bay_delta_plan/water_quality_control_planning/2018_sed/docs/appx_k_revised_w_adopted_changes.pdf

[21] *Id.*

[22] Regional purveyors engaged in extensive negotiations with regulatory agencies on Flow Standard settlement options but, to date, have not successfully concluded those negotiations.

[23] https://water.ca.gov/Programs/All-Programs/Climate-Change-Program/Climate-Change-and-Water

[24] Water Code section 1011(a) states in relevant part: "When any person entitled to the use of water under an appropriative right fails to use all or any part of the water because of water conservation efforts, any cessation or reduction in the use of the appropriated water shall be deemed equivalent to a reasonable beneficial use of water to the extent of the cessation or reduction in use."

agencies have conserved assets with quantifiable values. In short, collaboration can help protect the participating agencies and their ratepayers' water conservation investments.

Collaboration can result in improved regional dry-year reliability. There are differing rules and policies that relate to the availability and management of each regional water asset. Closely examining these rules and policies – and even challenging or changing them where necessary – may enhance the regional dry-year water supply reliability. For example, a Central Valley Project (CVP) contract water entitlement must be used in a 100% CVP allocation year for any amount of that entitlement to be available for use in dry years. The Central Valley Project Municipal and Industrial Shortage Policy (M&I Shortage Policy)[25] adjusts water allocations in dry conditions based upon historical use derived from 100% allocation conditions. Thus, from a fundamental perspective, using CVP supplies in 100% allocation years – generally the years when those supplies are least needed – makes CVP supplies available in dry years. In addition, provisions within the M&I Shortage Policy may allow accounting for use of other, non-CVP water supplies, to determine availability of CVP water supplies in shortage conditions.[26] Expanding opportunities to use CVP Project Supply in dry years improves the regional reliability for entities that may not have access to that specific water source. Furthermore, there may be opportunities where reorganization improves supply reliability by expanding opportunities to use of one or more water assets beyond the assets' existing places of use. Collaboratively managing water assets while addressing regulatory and policy issues, like the M&I Shortage Policy, would likely provide lasting benefits for future regional water supply reliability.

Collaboration can result in monetizing surplus water assets. Since 2009, several regional water purveyors have generated revenue through groundwater substitution transfers. In 2020, the regional purveyors netted approximately $4.33 million through a regional collaboration that leveraged surface water and groundwater assets.[27] These *ad hoc* short-term annual transfers could be deliberately organized through pre-determined planned activities that maximize transferable assets and better protect regional supplies. For example, the planned activities could include deliberate use of water assets in a prescribed manner to improve opportunities for groundwater substitution that maximize transferable water assets. Revenues generated from these actions may be specifically earmarked for identified collaborative actions – like infrastructure improvements, investments in water conservation and efficiency, enhanced supply management activities, and customer rebates.[28] In addition, future collaborative actions related to groundwater banking and re-timing surface water supply deliveries may provide additional opportunities to monetize water assets. All of these activities should be further explored in order to leverage the financial benefits of short-term and long-term transfer opportunities.

Water Supply Collaboration Opportunities

The regional water purveyors have numerous opportunities to collaborate on water supply management activities to preserve water assets, improve water supply reliability, and generate revenue. The regional purveyors have engaged in numerous planning activities that identify general

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[25] https://cawaterlibrary.net/wp-content/uploads/2017/10/miwsp-guidelines.pdf

[26] Id.

[27] "Purchase Agreement For Water Transfer Between Sellers And Buyers" June 24, 2020.

[28] One regional entity plans to use its 2020 groundwater substitution revenues for direct customer rebates.

collaboration actions. For instance, the 2019 Regional Water Reliability Plan provided recommendations for actions to support the proposed regional water bank. "Recommendation 2.1" was titled "Take early actions to expand conjunctive use operations and prove concepts of storage (bank deposits) and recovery (bank withdrawals)" and then discussed the 2018 regional groundwater substitution transfer as "types of pilot actions... to further increase operational intelligence."[29] The collaboration opportunities described in this section are actions, like the 2018 and 2020 groundwater substitution transfers and the recent water conservation transfer, that support regional water supply objectives. Table 18 at the end of this section summarizes the collaboration opportunities, potential benefits, and collaboration methodologies.

Water Code Section 1011 Water Conservation

The paramount opportunity to preserve regional water assets is to collaborate on quantifying conserved water. Water Code section 1011 states in relevant part: "When any person entitled to the use of water under an appropriative right fails to use all or any part of the water because of water conservation efforts, any cessation or reduction in the use of the appropriated water shall be deemed equivalent to a reasonable beneficial use of water to the extent of the cessation or reduction in use." Thus, this section equates the quantified conservation savings to "beneficial use" so as to preserve the water asset under California's general "use it or lose it" appropriative water right principle.[30]

Appropriately protecting conserved water supplies requires a coordinated approach to assessing the quantification methodology and conservation reporting for the water assets. Specifically, appropriate baselines and savings calculation methodologies for indoor, outdoor, and system loss quantification must be appropriately coordinated for both the legal interpretations, needed to ground identified conservation savings, and the calculation methodologies used to support the legal interpretations. Accurately calculating and quantifying conserved water assets among the participating agencies is the first step in securing those water assets for current and future water uses. Importantly, this calculation methodology may be distinct from the methodology used to calculate conserved water that is available for transfer. In addition, consistently reporting the conservation savings in Statements of Diversion and Use, Reports of Licensee, Permit Progress Reports, Annual Reclamation Reports, and other broader reporting documents – like Urban Water Management Plans and Water Master Plans – will be important for preserving water assets.[31]

Water Code Section 1011.5 Groundwater Use

Another important action to preserve regional water assets is to quantify surface water assets that could have been used in lieu of groundwater supplies in consideration of conjunctive use opportunities. Water Code section 1011.5(b) states in relevant part: "When any holder of an appropriative right fails to use all or any part of the water as a result of conjunctive use of surface water and groundwater involving the substitution of an alternate supply for the unused portion of the surface

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[29] Regional Water Reliability Plan, Stantec, May 2019 at 4-3 (developed for RWA).

[30] All water assets, surface and groundwater, used by the collaborating agencies are derived from appropriative water rights that apply the "beneficial use" principle derived from Article X, Section 2 of the California Constitution.

[31] The 2021 water reporting documents have new reporting requirements related to conserved water and other water management items.

water, any cessation of, or reduction in, the use of the appropriated water shall be deemed equivalent to a reasonable and beneficial use of water to the extent of the cessation of, or reduction in, use, and to the same extent as the appropriated water was put to reasonable and beneficial use by that person." Thus, quantifying water assets preserved under this portion of California law will require assessing the opportunities among the collaborating agencies where groundwater was used in lieu of available surface water supplies. Some of these opportunities may be less obvious such as FOWD's use of SJWD's surface water assets in FOWD's service area.

The regional purveyors should collaborate – especially among wholesale and retail agencies – to fully assess the opportunities where surface water and groundwater were conjunctively used to identify and preserve the surface water supplies for current and future uses under Water Code section 1011.5. This investigation requires data sharing among the participating agencies and other potential regional collaborators with thoughtful dialogue about conjunctive use opportunities. Moreover, this collaboration must align data gathering and sorting efforts as well as numerical representations in the numerous reporting documents like Supplemental Statements of Diversion and Use, License and Permit reports, and Reclamation reporting documents. Importantly, this collaborative conjunctive use quantification effort will further support related water management activities that are described elsewhere in this section – like short-term and long-term water transfers, Reclamation's M&I Shortage Policy implementation, and legislative and regulatory advocacy.

Water Code Section 1010 Polluted Water Use

Like section 1011 and 1011.5 above, another opportunity to preserve water assets is tied to Water Code section 1010(a)(1) where substituted use of polluted water in lieu of potable water counts toward potable water beneficial use. The code states: "The cessation of, or reduction in, the use of water under any existing right regardless of the basis of right, as the result of the use of recycled water, desalinated water, or water polluted by waste to a degree which unreasonably affects the water for other beneficial uses, is deemed equivalent to, and for purposes of maintaining any right shall be construed to constitute a reasonable beneficial use of water to the extent and in the amount that the recycled, desalinated, or polluted water is being used not exceeding, however, the amount of such reduction." Thus, where collaborating agencies use polluted supplies in lieu of other supplies, the agencies may apply the non-potable use to their other water supplies. CWD has used Aerojet Groundwater Extraction and Treatment (GET) supplies for its supply during curtailment and to irrigate a golf course, Golden State Water Company (GSWC) and Sacramento County Water Agency (SCWA), use GET water in lieu of surface and groundwater, and other opportunities where GET water could be used should be explored. Collaboratively organizing characterization, use, and reporting of non-potable supplies would support long-term water supply preservation objectives.

Engage in Water Supply Deliveries Permitted Under Rights and Contracts (not transfers)

The participating agencies have opportunities to better use regional water assets to preserve those assets for current and future uses as well as develop more robust opportunities for asset monetization. Specifically, the rationale for delivering water assets to alternative users will allow more water to be claimed "as beneficially used" and improve opportunities to increase the volumes of supply available in dry years. Importantly, flexibly managing water asset portfolios does not jeopardize the availability

of unused assets nor jeopardize the water rights themselves.[32] Thus, finding ways to beneficially use water assets more effectively among the regional agencies improves the long-term viability of the entire region's water asset portfolio.

The water asset inventory conducted in Activities 1 and 2 and shown in its final form in Table 17 show opportunities for additional delivery actions that would help demonstrate beneficial use and support water asset preservation objectives. The following provides a listing of the most prominent examples:

- SJWD deliver pre-1914 water to CWD and use CVP Project Supply[33] in normal years to support water supply reliability. CWD is in the place of use of SJWD's pre-1914 water supply and has historically used SJWD's supply in CWD's service area.[34]
- SJWD uses PCWA surface supply contract and delivers pre-1914 supplies to other collaborating agencies. The substitute supply would support deliveries and transfers.
- CWD uses City of Sacramento water supplies contracted and wheeled through SSWD's water system in the portion of CWD's service area contained in "Area D."[35] SSWD uses either groundwater or PCWA surface supply contract.
- City of Folsom delivers pre-1914 water to Golden State Water Company and uses CVP Project Supplies in normal years to improve water supply reliability in dry years.[36]
- SJWD uses PCWA surface supply contract and delivers pre-1914 supplies to other collaborating agencies. The substitute supply would support deliveries and transfers.
- CHWD, FOWD, RLEWCD, SSWD, and CWD deliver groundwater supplies – either banked supplies or pumped supplies – to a neighboring water agency (SSWD and FOWD have delivered groundwater assets to neighboring agencies in the past) to demonstrate possession and collaborative flexible management of the groundwater supplies.

There are additional water supply and delivery actions that could be examined as part of a regional collaboration. For example, there are unused Aerojet Groundwater Extraction and Treatment (GET) water supplies that are pumped and discharged into the American River that could be captured and used by participating agencies. CWD has captured and used these supplies in the past.[37] The available GET supplies exceed the supplies delivered under contracts to Golden State Water Company and

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[32] This important concept is beyond the scope of this report but the rules of abandonment or forfeiture would not impact these management actions.

[33] There are additional opportunities for managing SJWD's CVP Project Supply under its WIIN Act Contract related to "carryover" and "preuse" of CVP Project Supply but those concepts require further investigation.

[34] CWD conducted an historical assessment related to the use of SJWD's water assets demonstrating an expanded place of use that includes some of CWD's service area.

[35] Area D refers to the place of use of the City of Sacramento's water rights and contracts that are beyond the City's boundaries. SSWD has a contract to use and deliver City of Sacramento water assets to Area D. Concurrence by the City may be required.

[36] Folsom and GSWC hold "joint tenancy" to the pre-1914 appropriative water right from the American River derived from Natoma Water Company.

[37] CWD entered contracts to divert and use surplus GET water in 2014 and 2015 as part of its drought mitigation strategy.

Sacramento County Water Agency.[38] In addition, under surplus American River flow conditions, the SWRCB has issued accelerated permitting processes for agencies to capture those supplies for use. SSWD has initiated investigations into these accelerated permit supplies to expand conjunctive use options.[39] These additional water asset opportunities should be coordinated and pursued among the collaborating agencies to improve and enhance regional water supply preservation and reliability.

Water Transfers for Water Supply Reliability and Water Asset Monetization

Water transfers provide an important mechanism to improve regional water supply reliability as well as preserve water assets for current and future uses. As a starting point, Water Code section 1745.07 states in relevant part: "A transfer that is approved pursuant to this article or any other provision of law is deemed to be a beneficial use by the transferor under this code." Accordingly, transferring water – whether for local purposes or export purposes – is a beneficial use of water that helps preserve the water asset for the transferor's current and future uses.

Water transfers could be used to better support regional water supply reliability. Specifically, water transfers allow purveyors with underutilized water supplies to deliver those supplies to neighboring agencies in times of water shortage. There are three important regional transfer opportunities available to the participating agencies: (1) water conservation transfers, (2) groundwater substitution transfers, and (3) multi-party water exchanges.[40] In other words, water transfers can occur through direct delivery of surplus supplies, through conjunctive use actions, or in a coordinated exchange where alternative water supplies replace supplies that "would have otherwise been used" by the transferring agency. These types of actions require well-planned and coordinated thought before the water need arises. As noted in the previous section, successful water transfers that improve regional water supply reliability may *require* use of certain water supplies in years where those supplies may not otherwise be needed. Furthermore, all water transfers can be structured as short-term transfers or long-term transfers – each type with a different set of rules that impact transfer viability while preserving the reliability of the transferred water. The following examples of actionable collaborative water transfers would provide additional regional supply reliability:

- SJWD delivers conserved surface water supplies to SSWD (SJWD and SSWD executed this conserved water transfer in 2020).
- CWD delivers conserved surface water supplies to SSWD. CWD would prepare a SWRCB temporary change petition to execute this transfer.
- SSWD delivers City of Sacramento contract water supplies to CWD and uses groundwater or SSWD contract in lieu of the City of Sacramento supply. A portion of CWD lies within Area D.

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[38] Aerojet GET discharged supplies are derived from continuous pumping at GET facilities.

[39] SSWD explored the options to divert and deliver surplus American River water under Governor Brown's 2019 Executive Order

[40] The regional agencies could also engage in reservoir re-operation transfers with regional agencies that are not participating in this project (PCWA, the City of Roseville, and El Dorado Irrigation District).

- SJWD and Folsom maximize CVP Project Supply use in normal years to preserve CVP Project Supply for their use in critically dry years and/or their ability to deliver pre-1914 water rights water to other collaborating agencies (an exchange).
- CHWD and FOWD use groundwater supplies in lieu of surface water deliveries from SJWD to free SJWD pre-1914 water rights water for delivery to other agencies.
- SJWD uses PCWA surface water supply contract water in dry years to deliver SJWD pre-1914 surface supplies to other agencies in dry years – like CWD. The transferee would pay the difference in water supply delivery costs to SJWD.[41]
- SJWD and Folsom engage in the Bureau of Reclamation's "Accelerated Transfer Program" as authorized by the Central Valley Project Improvement Act (CVPIA) that allows delivery of the entire contracted CVP Project Supply to another CVP contractor without a consumptive use analysis.[42]

Water transfers out of the region also provide opportunities to monetize water assets while simultaneously preserving regional water supplies for current and future uses under Water Code 1745.07. The water transfer methodology used by the collaborating agencies has historically been groundwater substitution transfers (like those in 2018 and 2020) and many regional agencies are investigating opportunities for water conservation transfers. The most important consideration in groundwater substitution transfers, and one that has been substantially vetted and monitored by the Sacramento Groundwater Authority, California Department of Water Resources, the State Water Resources Control Board (SWRCB), and United States Bureau of Reclamation, is the preservation of regional groundwater supplies before, during, and after the groundwater substitution transfers. Specifically, groundwater modeling and monitoring plans are a pre-requisite for developing and implementing regional groundwater substitution transfers.

Groundwater substitution transfers require an agency to forego using surface water supplies so that those supplies may be transferred and use groundwater supplies instead – whether pumped in their own system or delivered from an outside agency. There are details associated with these types of transfers relating to historical groundwater use and annual anticipated groundwater use that should be further assessed among the collaborating agencies to improve the supplies that could be made available for transfer. Improving the volume of supplies available for transfers improves the revenue generated from the water transfer. Maximizing a regional water transfer for participating agencies would have the following components (portions of these components have already been exercised for smaller regional water transfers):

- Utilize as much groundwater as practicable in SJWD, CHWD, OVWC, FOWD, and Folsom (if possible) customers in lieu of delivering surface water supplies. SJWD would then make surface water supplies available for transfer and share revenue with the participating agencies.

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[41] SJWD and CWD have initiated discussions on this potential exchange opportunity.

[42] There is an open question about the dry year CVP Project Supply availability under the M&I Shortage policy after an accelerated transfer that deserves further investigation.

- Provide as much groundwater as practicable to CWD – potentially through deliveries from SSWD, CHWD and FOWD – to free CWD surface water supplies for transfer. CWD would share revenue with participating agencies.
- Coordinate City of Folsom and GSWC pre-1914 water right deliveries so that GSWC could maximize groundwater substitution in its service area and free GSWC's and Folsom's joint pre-1914 water supply for transfer. Folsom could also maximize CVP Project Supply use. GSWC and Folsom would share revenue derived from the transfer.
- SSWD would coordinate with City of Sacramento surface water deliveries to use SSWD groundwater in lieu of Sacramento's surface water supplies. The City and SSWD would share revenues.

Groundwater substitution transfers, like those noted in this section, can be maximized with significant advanced planning. Normally, these transfers have manifested "in the year of the transfer" and agencies have spent time and resources rapidly compiling data and information to help the transfer succeed. Examining groundwater substitution transfer opportunities – and tiering these opportunities from investigations and reporting under Water Code 1011.5 – would allow the region to maximize opportunities as they arise. And, importantly, urban water purveyors have significantly more flexibility in developing and executing groundwater substitution transfers because, unlike agricultural water users, urban purveyors use water supplies all year – which makes the water assets more attractive for conveyance in periods outside the irrigation season.

As noted previously, regional revenue from the 2020 groundwater substitution transfer grossed approximately $4.5 million. Improving collaboration among agencies could significantly increase the revenue numbers by including additional transferable surface water supplies like SJWD's pre-1914, License and CVP Project supplies, Aerojet GET supplies, and Folsom pre-1914 and CVP Project supplies. [43] Incorporating these supplies could increase transferable water by 10,000 acre-feet if not more.

Urban water conservation transfers are a relatively new form of transfer and are being vetted with regulatory agencies and stakeholders. As noted in a previous section, water conservation manifests through quantifying actual reductions in indoor and outdoor uses as well as actual reductions in overall system losses (non-revenue water). Water Code section 1011(b) specifically states: "Water, or the right to the use of water, the use of which has ceased or been reduced as the result of water conservation efforts ... may be sold, leased, exchanged, or otherwise transferred pursuant to any provision of law relating to the transfer of water or water rights...." Although the total volumes of water that could be transferred under Water Code section 1011 because of ongoing water conservation activities is currently debated, there is real and quantifiable conservation savings in all three areas that could be made available for transfer for water supply reliability and water supply monetization opportunities. Moreover, the dual opportunity to both *preserve* and *transfer* conserved water supplies under Water Code section 1011 should be leveraged. As such, developing conserved water transfers requires a coordinated water conservation quantification (as noted above) and then developing the

[43] All of these identified assets have been successfully transferred in other situations.

transferrable conserved water assets – water rights and water contracts – that require regulatory concurrence.

Expand Place of Use of Water Assets

The participating agencies may also seek opportunities to expand the place of use of identified water assets. The important consideration in this effort is the legal basis of the water asset that would require the expanded place of use. For instance, CWD's surface water rights that are regulated by the SWRCB would require a formal petition process with SWRCB and California Environmental Quality Act (CEQA) compliance. Thus, if CWD and SSWD wanted to permanently include a portion of SSWD's service area in CWD's place of use, the SWRCB would need to fully support the effort and environmental impacts would require mitigation. PCWA and SSWD engaged in this process in the 1990's to include portions of SSWD in PCWA's water rights place of use – at a cost of several million dollars.[44] Alternatively, if Folsom sought to expand the place of use of its pre-1914 appropriative water right, it would need federal approval as well as CEQA and National Environmental Quality Act (NEPA) compliance analyses because that state water right is imbedded in a federal Central Valley Project (CVP) contract. Thus, expanding the place of use under existing water assets would require significant regulatory compliance.

Reorganization, however, may provide other expansion opportunities that could be expedited. For instance, even though SJWD's CVP Contract limits the place of use of SJWD's CVP Project Supply to "the Contractor's Service Area", the map in SJWD's CVP Contract may be modified with Reclamation's consent – a streamlined regulatory process – in support of a reorganization activity.[45] Similarly, CWD's place of use in its water rights is characterized as the "service area of Carmichael Water District" – which has expanded over time – that may have reorganizational opportunities that could be more easily addressed through a reorganization process. Nevertheless, the participating agencies could find opportunities to expand the place of use of available water assets through regulatory, contracting, and reorganizational efforts.

Engage in Specific Regulatory Processes

The regional water agencies have opportunities to collaborate in specific regulatory venues to further regional objectives. Specific regional objectives that have been discussed at various times include: improving regional water supply reliability, developing a drought water bank, and facilitating water transfer opportunities. The items listed below are specific actions that the participating agencies may consider to further longer-term water management objectives.

Legislative and regulatory actions that have been contemplated in the past include developing legislation that facilitates conservation-based water transfers; modifying rules to allow groundwater banking to be deemed a beneficial use of water (regardless of who extracts the water for use); and creating special area of origin rules for American River watershed water purveyors that promote collaborative water asset sharing and management. These sorts of actions may provide needed benefits

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[44] Communication with Dan York in November 2020.

[45] Contract Between the United States and San Juan Water District Providing for Project Water Service and Facilities Replacement, 6-07-20-W1373-LTR1-P at Article 1(c).

to the region that would further support the asset preservation, water supply reliability, and asset monetization objectives among the participating agencies.

Additional opportunities for collaboration may extend beyond the legislative realm and be better addressed at the policy level. Specifically, ongoing actions that deserve attention include: (1) implementation of Reclamation's Municipal & Industrial Shortage Policy; and (2) management and implementation of groundwater substitution and water conservation transfers (specifically addressing the "Water Transfer Whitepaper" and related regulations and policies).

Reclamation's M&I Shortage Policy implementation lacks cohesive implementation. The participating agencies should work with the Bureau of Reclamation to address the water substitution component that is listed in the M&I Shortage Policy. The relevant language under "Historical Use Adjustments" is as follows: "At a Contractor's request, Reclamation will consult with the Contractor to consider an adjustment to their Historical Use. Historical Use adjustments are based on the following criteria: a) Population growth; b) extraordinary water conservation measures; c) Use of Non-CVP water; d) Other Unique or Unusual Circumstances." All of these potential adjustments related to the characterization of historical use should be fully vetted with the Bureau of Reclamation so that more beneficial use of CVP Project Supply water can be claimed in any given year which would result in increased water supplies in dry years and improved regional water supply reliability.

Water transfer activities also deserve attention among the participating agencies. Current regulatory actions at the staff level have created policies that impede the efficient implementation of groundwater substitution transfers and have stonewalled implementation of urban water conservation transfers. For example, the express provisions of Water Code section 1011 related to the transferability of conserved water have been resisted by state and federal staff based on unattainable technical reasons. Continued actions of regional purveyors to improve the opportunities for these transfers would support regional water supply reliability and improve opportunities for asset monetization.

Summary

The specific actionable opportunities described in this section would preserve water assets, improve regional water supply reliability, and generate revenue. The actionable opportunities would require additional technical analysis for purposes of implementation. Table 18 at the end of this section summarizes the collaboration opportunities, potential benefits, and collaboration methodologies.

Collaboration Methodologies

The water supply opportunities identified in this section could be implemented through a variety of collaborative mechanisms that have differing levels of sophistication. The purpose of this section is to describe each mechanism and to align the opportunities with the available mechanisms in Table 18.

Contract

There are many mechanisms to collaborate on water supply opportunities through contract. In fact, it is more likely that initial considerations related to many identified collaboration opportunities would evolve through some form of contract before alternative collaboration methodologies would be considered. Contracts have many levels of complexity from formal agreements that address specific detailed management activities to Memoranda of Understanding or Cost Sharing Agreements that allow flexibility in addressing the agencies' identified issues. The participating agencies may enter formal or informal agreements to support all opportunities listed in this section. Numerous forms of these agreements have been already executed among participating agencies. For example, CHWD,

FOWD, OVWC and Folsom have formal water supply agreements with SJWD that governs the rights and obligations of each party related to SJWD's water assets. Alternatively, CWD, FOWD and SSWD were part of a less-formal regional cost and revenue sharing agreement to develop and implement the 2020 groundwater substitution transfer. All these contracting mechanisms may be developed among the collaborating parties to meet the parties' objectives.

Option Contract

An alternative form of contract is an option contract – that allows an entity to essentially hold an opportunity to initiate action under the contract. Option contracts are more common for water supply reliability agreements where an entity will choose to initiate the contract to receive a water supply in a dry year but will forego initiating the contract where water supplies are otherwise plentiful. Option contracts would likely apply to a limited set of collaborative opportunities listed in this section.

Leverage Regional Venues like RWA, SGA, and the Water Forum

The participating agencies are involved in numerous venues that can be leveraged to engage collaborative opportunities. These venues have significant collaborative potential where participating members concurrently agree on a course of action. The Regional Water Authority (RWA), Sacramento Groundwater Authority (SGA), and the Water Forum are all established entities that facilitate regional coordination. For example, RWA occasionally engages in lobbying activities related to legislative or regulatory matters. RWA spreads costs among its member agencies to equitably distribute costs associated with the identified regional benefit in lobbying activities, water efficiency programs, grant applications and many other mutually beneficial endeavors. Similar activities may be available for opportunities considered in this section like modifying law, engaging on federal or state policy issues, or sharing costs for political activities with regional benefits. In addition, coordinated activities related to quantifying water conservation (Water Code Section 1011), assessing conjunctive use actions (Water Code Section 1011.5), and addressing wastewater use (Water Code Section 1010) may be supported through the regional venues. Accordingly, numerous collaborative opportunities identified in this section could be executed through one of the regional organizational entities.

Regulatory and Legal Action

The participating agencies may seek specific regulatory and legal actions to implement some of the identified opportunities. For example, if there were interest in CWD expanding its appropriative water rights place of use to serve water to other entities, the participating agencies could jointly participate in the SWRCB regulatory process and environmental compliance process to further the collaborative objective and share costs. Similarly, if the participating agencies sought to legally challenge a regulatory body's policy – like the M&I Shortage Policy or the short-term water transfer rules – then the agencies may join together to assert their concerns in the appropriate legal venue. This collaborative activity may also include additional contracting actions as noted previously.

Reorganization

Reorganization may also provide a mechanism to advance the water supply opportunities listed in this section. Reorganization would involve fully integrating the water assets shared between consolidating agencies to maximize benefits. The most recent reorganization example occurred in the formation of SSWD where Arcade Water District and Northridge Water District were combined. Administrative reorganization among two or more agencies should be distinguished from water supply coordination – where supplies belonging to a participating agency may be expanded for use only after regulatory and legal compliance. For example, combining CWD and SSWD does not necessarily mean that

CWD's surface water appropriative rights could be used in SSWD's service area. Although this changed use remains a possibility under CWD's water assets as noted previously, the two agencies would likely need to engage the SWRCB to expand the place of use of CWD's water assets. However, in other instances, reorganization may provide a facilitated mechanism to combine utility of water assets. As noted previously, combining SJWD and CWD might allow SJWD's CVP Project Supply to be used in CWD's service area after altering the use map per Article 1(c) and would certainly facilitate CWD's ability to use SJWD's pre-1914 supply. Accordingly, from a water supply perspective, careful consideration of the supply integration opportunities should occur before discussion of reorganization is considered.

Table 18: Summary Assessment of Options, Benefits, and Reorganization Methods

Collaboration Opportunity	Potential Benefits						Collaboration Methodology				
	Consistent Methodology	Coordinated Data Summary	Consistent Reporting	Asset Preservation	Regional Water Supply Reliability	Revenue Generation	Contract or MOU	Option Contract	Regional Venue	Regulatory or Legal Action	Reorganization
Water Conservation Quantification (WC 1011)	X	X	X	X	X		X		X		X
In Lieu Groundwater Use Quantification (WC 1011.5)	X	X	X	X	X		X		X		X
Polluted Water Use Quantification (WC 1010)	X	X	X	X	X		X		X		X
SJWD Water Delivery to CWD				X	X		X	X			X
SSWD Water Delivery to CWD				X	X		X	X			X
Folsom Water Delivery to GSWC and CVP Supply				X	X	X	X	X			
Groundwater Deliveries Among Agencies	X	X	X	X	X		X	X			X
Aerojet GET Diversions	X			X	X	X	X	X	X	X	X
Accelerated Permit Supply Acquisition	X		X	X	X		X	X	X	X	X
SJWD Conserved Transfer to SSWD	X	X	X	X	X		X	X		X	X
CWD Conserved Transfer to SSWD	X	X	X	X	X		X	X		X	X
SSWD Groundwater Substitution Transfer to CWD	X	X	X	X	X		X	X		X	X
Acquire and Use Aerojet and Temp Permit Supplies				X	X	X	X	X	X	X	X
SJWD and Folsom Maximize CVP Supply		X	X	X	X					X	
CHWD, FOWD, SJWD Groundwater Substitution Transfer	X	X	X	X	X		X			X	X
SJWD Use PCWA and Exchange pre-1914 Appropriative	X			X	X		X	X			X
SJWD and Folsom Use CVP Accelerated Transfer (CVPIA)	X			X	X					X	
Export Groundwater Substitution Transfer (1011.5)	X	X	X	X	X	X	X	X	X	X	X
Export Water Conservation Transfer (1011(b))	X	X	X	X	X	X	X	X	X	X	X
Expand Place of Use of Water Assets				X	X					X	X

Collaboration Opportunity	Potential Benefits						Collaboration Methodology				
	Consistent Methodology	Coordinated Data Summary	Consistent Reporting	Asset Preservation	Regional Water Supply Reliability	Revenue Generation	Contract or MOU	Option Contract	Regional Venue	Regulatory or Legal Action	Reorganization
Engage Legislative Advocacy				X	X		X		X	X	X
Engage Reclamation M&I Shortage Policy				X	X		X		X	X	X
Engage Regulatory Agencies' Transfer Criteria	X	X	X	X	X	X	X		X	X	X

Reorganization

This document explores options for further collaborations among the participating agencies in seven selected areas. In some cases, savings in the range of 5-15% are assumed when the participating agencies engaged in joint activities in a selected service area, as compared with status quo approaches, and assuming the same levels of service provision. In other cases, service level improvements rather than financial savings are possible. Calculating absolute savings is difficult given that each of the participating agencies has different levels of service. For example, some of the participating agencies have robust water conservation programs while other have minimal or no formal programing. This means that pursuing a collaborative venture could involve increasing or decreasing the current costs experienced by a given utility, depending on the level of service provided by each of the involved agencies. Using the example of water conservation again, DPMWD or RLECWD may end up paying more for water conservation programming if they were to enter a collaboration with SSWD or SJWD, because they would be elevating their current levels of service provided. They would be paying more but getting more than they could pursuing the service on their own. Because of these differences in service levels, the easiest collaborative opportunities to explore may be the ones between agencies that currently have common service levels. The majority of these service area savings can be realized without having to reorganize utility governance and combine utility organizations.

Even though most savings and service level improvement can be realized without having to reorganize and combine utility organizations, there are unique positives associated with reorganization. Progress on a broad range of service level enhancements across at least 80 areas of operational opportunity, as identified in the Activity 1 Report, could proceed with less negotiation and effort under a reorganized model. Savings estimated at conservatively between 5 and 15% might be achieved through larger contracts and scale benefits pursuing these 80 operational opportunities.

A reorganized approach could also reduce administrative and management overhead. These saving go beyond the estimated 5% to 15% achieved through larger contracts and scale benefits. For example, if the General Manager/Executive Director positions at each agency are consolidated, the fully loaded salaries plus benefits are reduced from 6 to 1. This alone could lead to a savings approaching one million dollars per year. It is estimated that on the over $90 million spent on O&M every year across the participating agencies, reorganization might result in annual savings of between 8% and 20% if broadly pursued, or between about $7 million and $18 million dollars per year on the operating side alone.[46]

There are additional benefits to reorganization. A larger ratepayer base can reduce credit risk and lead to more favorable borrowing and cash funding opportunities, particularly when combined with greater monetization of water supply assets. Decision making around regional management of water supplies could be made with less friction, allowing for maximal monetization and sustainability benefits. Greater scale could lead to greater influence in state level decision making with a unified rather than

[46] https://www.infrastructureusa.org/strengthening-utilities-through-consolidation-the-financial-impact/

fragmented voice. However, some may argue that a coalition of agencies speaking with a singular voice would achieve more impact.

There are potential negatives of reorganization. A loss of local control, and the dominance of voices from the largest population centers or loudest constituencies, could disenfranchise some people or groups or at least make them feel less represented. For those that choose different service levels, costs may increase and align less with their values and priorities. Pursuing reorganization also means spending time and money on the diligence needed to achieve the transition to reorganization, and potentially investments in infrastructure, equipment, materials, and standards alignment. There are also many challenges dealing with existing debt. Of course, there are the obvious political risks and chances for infighting during negotiations.

Regardless of the near- or long-term goals of the participating agencies, the path forward should include more collaboration to opportunistically align service levels, achieve cost avoidance, and optimize water supplies through scale benefits. If reorganization is pursued in the future among some agencies, then collaboration can build a bridge to success. Even if the participating agencies remain independent, more collaboration is a sensible goal with a range of opportunities. For the benefits of collaboration to scale, a spirit of engagement, trust, and cooperation must build beyond the bounds of this Study.

Information Items
Agenda Item: 5.2

Date: November 15, 2021

Subject: Board Reports

Staff Contact: Timothy R. Shaw, General Manager

5.2 BOARD REPORTS

1. Report ad hoc committee(s) dissolved by requirements in Policy 2.01.065
2 Sacramento Groundwater Authority – Harris (Primary), Reisig
3. Executive Committee – Green, Reisig
4. ACWA/JPIA –Ridilla
5. Sacramento County LAFCo, Special Districts Advisory Committee – Reisig
6. MOU Renewal Negotiating Ad Hoc – John Ridilla, Robert Reisig

Minutes
Rio Linda / Elverta Community Water District
Executive Committee

Visitors / Depot Center
6730 Front St.
Rio Linda, CA 95673

November 1, 2021
6:00 p.m.

Attendance: The meeting was called to order at 6:00 P.M. The meeting was attended by Director Reisig, Director Green, General Manager Tim Shaw, and Contract District Engineer Mike Vasquez.

Call to Order: 6:00 P.M.

Items for Discussion:

1. Update from Contract District Engineer.
The Contract District Engineer presented his written report and provided additional details on the Urban Water Management Plan RFP, which generated discussion by the Committee. With only one respondent and that respondent's fee schedule being almost double the budgeted amount, the Committee directed staff to reach out to additional, qualified services providers, e.g. Tully & Young and West Yost. *The Executive Committee directed staff to bring updates back to the December Executive Committee meeting.*
2. Discuss U.S. EPA Mandate for Vulnerability Assessment and Emergency Response Plan Update.
The General Manager presented his written report and provided further insights into the rare scenario where U.S. EPA is working directly with community water systems instead of through the State Water Resources Control Board, Division of Drinking Water. The Risk and Resiliency Assessment is unprecedented. As such, the District has no experience in the number of person hours it is likely to expend for completion of the task. Outreach to U.S. EPA was ineffective. *Director Reisig suggested staff seek additional clarification from U.S. EPA on the consequences for non-compliance, e.g. are there fines associated with non-compliance. U.S. EPA responded to indicate the maximum fine for non-compliance is $56,000 per day.*
3. Status Report on State Water Resources Control Board Arrearages Program.
The General Manager presented his written report and shared additional content from the SWRCB Arrearages workshop he attended. The stipulated Conditions of Participation with the covenant to waive late fees continues to preclude the District's participation. *The Executive Committee forwarded this item onto the November 15th Board agenda to enable discussion by all Board Members.*
4. Discuss the Written Request from J Smith for Retroactive Cost Share for Improvements at Well #15.
The General Manager presented his written report. The Contract District Engineer shared additional details, including that the gate that has been constructed is on a public utility easement, likely without procuring a required encroachment permit from Sacramento County. *The Executive Committee directed staff to inform the requestor of the infeasibility.*
5. Fiscal Year Ending June 30, 2021 Independent Auditor Report.
The General Manager presented his writer report and explained that the actual report from the independent auditor was just submitted the same day as the Executive Committee meeting, which is why the report was delivered to the Executive Committee Board Members earlier that same day. *Director Reisig inquired as to whether there was any content in the report to be concerned. The General Manager confirmed the report conveys no negative content.* *The Executive Committee forwarded the auditor's report onto the November 15th Board agenda with the Committee's recommendation for Board acceptance.*

6. Discuss the Vacaville Hexavalent Chromium 9th Circuit Court Ruling.
The General Manager presented his written report and provided additional details on his sharing of the Downey Brand article with the State Water Resource Control Board staff assigned to publish the Notice of Proposed Rulemaking for readoption of the Hexavalent Chromium MCL. The General Manager summarized the impacts the 9th Circuit Court ruling has had on the Hexavalent Chromium MCL schedule, the new projected date for publishing is now prior to the end of 2021. *Subsequent to the Executive Committee meeting, the General Manager distributed a link for a video of the October 19th State Water Resources Control Board Meeting, where the Executive Director of the Division of Drinking water announced the accelerated schedule (before the end of 2021).*
7. Discuss timing and process for implementing Innov8 / WaterScope Customer Consumption Data Option.
The General Manager presented his written report. The Executive Committee engaged in discussion regarding the timing for having the Board consider a Resolution to establish a fee for the cost of service for customers who elect to benefit from installation of the Innov8 consumption data devices and software access. *The Executive Committee directed staff to prepare a resolution for Board Consideration at the January regular meeting.*
8. Discuss Expenditures for September 2021.
The Executive Committee forwarded the Expenditures report onto the November 15th Board agenda with the Committee's recommendation for Board approval.
9. Discuss Financial Reports for September 2021.
The Executive Committee forwarded the Financial Reports onto the November 15th Board agenda with the Committee's recommendation for Board approval.

Directors' and General Manager Comments:

Items Requested for Next Month's Committee Agenda

Adjournment: 7:17 P.M.