

**MINUTES OF THE  
SEPTEMBER 16, 2019  
BOARD OF DIRECTORS REGULAR MEETING  
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**1. CALL TO ORDER, ROLL CALL**

The September 16, 2019 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. at the Visitor's Depot Center located at 6730 Front Street, Rio Linda, CA 95673. General Manager Tim Shaw took roll call of the Board of Directors. Director Harris, Director Jason Green, President John Ridilla, Director Chris Gifford, Director Robert Reisig and General Manager Tim Shaw were present. Director Gifford led the pledge of allegiance.

**2. PUBLIC COMMENT**

No public comment.

**3. CONSENT CALENDAR**

**3.1 Minutes**

August 19, 2019

**3.2 Expenditures**

**3.3 Financial Reports**

No public comment.

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

**REGULAR CALENDAR**

**4. ITEMS FOR DISCUSSION AND ACTION**

**4.1. General Manager's Report**

GM Shaw provided a written report.

No public comment.

*The Board made no action on this item*

**4.2 District Engineer's Report – Mike Vasquez**

District Engineer Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering, Well 16 Pumping Station Equipping and Site Design Project, DWR Proposition 84 Grant Funding for Well #16.

No public comment on this item.

*The Board made no action on this item*

#### **4.3 Consider request from Ron Hyce to authorized resale or transfer of the capacity granted to Mr. Hyce in 1991.**

Mr. Hyce has requested to sell his capacity in the drinking water system from the RLECWD Board of Directors and staff many times in the 28 years since the agreement providing a conditional 1-inch service was executed in 1991. Each time the Board's ruling was the same, the entitlement is not transferable.

Public members Mr. Ron Hyce and Mr. Jack Nolan attended the meeting asking the Board to reconsider the ability for Mr. Hyce to sell the 1" service. Mr. Jack Nolan is asking for possibility of considering mediation to have an uninterested party review the ability to sell the 1" service. Mr. Nolan informed the Board that Mr. Hyce is of an age he no longer wants to build and has this 1" service that he no longer needs.

District Counsel Barbara Brenner informed Mr. Nolan that the District had offered to negotiate a value for Mr. Hyce's 1" inch service connection. GM Tim Shaw stated Mr. Hyce was given a letter, included in the Board packet, approved by the Board based on the original value in 1991 of a 1" connection adjusted for inflation.

Mr. Nolan stated if the Board is willing to negotiate with Mr. Hyce, then he will wait to hear from the District until Next Monday, September 23<sup>rd</sup> before pursuing legal action.

**No action was taken on this item.**

#### **4.4 Reconsider employees request for accommodating 4-10s alternative work schedule, which entails District office being closed on Fridays.**

In 2018, prior to engaging in MOU renewal negotiations, all employees (excluding the GM) signed a letter and submitted the letter to the GM. The letter expressed the employees desire to transition to a 4-10 schedule (four days per week with ten hours per workday). The old and new MOU contain the same subject matter language, which empowers the GM to adjust the operating hours of the District to meet the operational needs of the District.

The new MOU established an Employee Retention Management Advisory Committee. One of the subjects that has been explored at the Advisory Committee has been flexible work schedules. The Advisory Committee has discussed both 9/80 and 4-10 schedules and has chosen to focus on 4-10s. The GM has advised that when the Board discussed the change in 2018, the Board's direction was to provide plenty of lead time and to distribute a notice to the ratepayers regarding the change in operating hours for the office, i.e. closed Fridays and open from 7:00 A.M. to 5:30 P.M. Mon -Thur. The GM has noted in the Advisory Committee meetings that the Board experienced substantive turnover since the Board provided direction in 2018. Accordingly, dialog with the Executive Committee and the Board is an essential next step.

Given the language in the MOU regarding GM authorization and the established provisions/restrictions regarding collective bargaining. It is inappropriate for the Board to vote on a change of operational hours. Conversely, it is entirely appropriate for the Board to provide feedback, ask questions, and provide direction to the GM.

No public comment on this item.

***It was moved by Director Harris to deny the request by the employees for a 4-10 work schedule. No second. Motion failed.***

*It was moved by Director Ridilla and seconded by Director Reisig to not take action on this item and defer to GM Shaw's judgement on setting flexible work schedules. Director Green, Ridilla, Reisig and Gifford voted yes. Director Harris abstained. The motion carried with a vote of 4-0-1.*

#### **4.5 Consider accepting Opus Bank terms and conditions and authorizing execution of Opus Bank Resolution to open an account through the construction phase of Well #16 project.**

At the August 19th Board meeting, the Board Members were apprised that Opus had not submitted their terms and conditions documents in time for RLECWD Board consideration. The Board Members were further advised that staff believed the Opus Bank loan final draw could be deposited into an Umpqua Bank account because the Board has already agreed to the terms and conditions for Umpqua.

Subsequent to the August 19th Board meeting, Opus Bank provided their interpretation of the existing loan agreement. Opus asserts that the District must use an Opus account for this purpose. This appears counterintuitive because the terms of such an account (e.g. interest rates, monthly service charges, fees for anticipated banking transactions, etc.) are not stipulated in the February 2018 Opus Bank Loan Agreement. Nevertheless, the District's Bond Counsel for this loan, Brian Quint has reviewed the material and agrees with the interpretation from Opus. District General Counsel, Barbara Brenner was copied on all correspondence with Opus and Bond Counsel.

Apparently, the District has very limited discretion. The District is virtually compelled to open an Opus Bank account and must accept Opus terms to do so. In light of the confusion and interpretable loan agreement language, Opus is waiving the fees for all transactions and the monthly service fee. Unfortunately, Opus will pay only 0.15% (extremely low) on the account balance from beginning to final payout to contractors/vendors on Well #16. In the meantime, Opus has transferred the \$3.2 million into an Opus Bank account and stipulated the District may not make any withdrawals (i.e. to pay Well # 16 vendors/contractors) unless and until the District submits are requisite documents.

Legal Counsel was provided a copy of the Opus Bank terms and conditions on August 19<sup>th</sup>.

No public comment on this item.

*It was moved by Director Harris and seconded by Director Ridilla to accept the Opus Bank account terms and conditions, and further authorize to execute all required documents to establish the Opus Bank account for disbursing qualified payments for design, permitting and construction of the Well #16 Groundwater Pumping Station. Directors Green, Harris, Ridilla, Reisig and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.*

#### **4.6 Consider approving a Request for Proposals (RFP) to solicit responses from potential rates study consultants.**

As discussed in previous Committee and Board meetings, the District's current rate structure is an impediment for compliance with SB 606, AB 1668, AB 685 and SB 555. These new laws implement newly established standards and requirements for water use minimum efficiency and affordability. SB 555 also establishes a maximum allowable water loss, making the District's 600 cubic feet (6-units) of metered/not billed practice inappropriate. An informal review of rates by agencies who are members of RWA reveals RLECWD is the only RWA member agency providing metered/not-billed water.

Other aspects of the informal rates comparison reveal that RLECWD current rate structure has the highest percentage of fixed cost among 33 agencies in the Sacramento and Bay Area regions. High fixed charges mean the ratepayers have very limited financial incentive to use water efficiently.

AB 685 and subsequently adopted laws have begun the evaluation of water affordability. The State recently launched a website where the public may review the relative affordability of their water agency in comparison to neighboring water agencies (<http://oehha.maps.arcgis.com/apps/MapSeries/index.html?appid=a09e31351744457d9b13072af8b68fa5>). The Score for RLECWD water affordability for County Poverty Threshold is “1” on a scale of 0 to 4 with 4 being the most affordable and zero being least affordable. The matrices used include comparing agency rates for 6-units of water per month. Because the 6-units of metered/not billed structure at RLECW will eventually contribute to fines for exceeding SB 555 water loss limits, the metered/not billed structure will need to be eliminated. If we only eliminated the metered/not billed 6-units the RLECW affordability score becomes worse, i.e. less affordable.

Although the District engaged a professional rates study consultant in 2016, when the District established the current rate structure, the rate structure lacked a forward-thinking perspective and overly focused on establishing a funding mechanism for Hexavalent Chromium mitigation facilities construction. Note: Surcharge #2 provides treatment facilities construction. Surcharge #2 does not provide funding for operation of Hexavalent Chromium treatment facilities. The 2016 adopted RLECWD water rates do not address the “conservation is a permanent way of life in California” and “Human rights to water” principles and new laws.

No public comment on this item.

***It was moved by Director Harris and seconded by Director Ridilla to approve the RFP for engaging a professional rate consultant and direct staff to take actions necessary to solicit responses from appropriately qualified rate study firms. Directors Green, Harris, Ridilla, Reisig and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.***

#### **4.7 Consider options for outsourcing the printing, folding, stuffing and mailing of the Districts bimonthly bills**

The District’s interest in outsourcing of the bill printing et al process was based on improving efficiency. Subsequent discussions have heightened the interest in outsourcing due to anticipated person-hour demands from SB-998. Simply, SB-998 will consume staff time, so we need to reduce staff time in other areas to preclude increasing labor costs.

Two quotes have been obtained one from Neopost and the other from ABS. The Neopost quote details were obtained Sept. 3<sup>rd</sup> and was not as good as Neopost reps originally indicated. Neopost is approximately 40% more expensive than the ABS presort option. Overall, with the structure of the Neopost recurring fees (monthly service charge), Neopost is 70% more than ABS presort. Lastly, Neopost requires a contract, which entails Legal Counsel review and one of those auto-renewal unless cancelled in advance terms. ABS does not require an contract.

ABS presort will save additional money via a lower postage rate (lower than the District currently pays) as well as lower cost for paper and envelopes.

No public comment on this item.

***It was moved by Director Harris and seconded by Director Ridilla to direct staff to engage ABS Presort for printing, folding, stuffing and mailing the District’s bimonthly bills. Directors Green, Harris, Ridilla, Reisig and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.***

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

No public comment on this item.

**President Ridilla did not make any changes.**

**5. INFORMATION ITEMS**

**5.1. DISTRICT ACTIVITY REPORT**

1. Water Operations Report
2. Conservation Report

**5.2. BOARD REPORTS**

1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065  
**President Rilla dissolved the GM Salary Ad Hoc Committee.**
2. Regional Water Authority –Gifford – Agenda Provided.
3. Sacramento Groundwater Authority – Harris - No meeting.
4. LAFCO – Jason Green (Pending)
5. Executive Committee – Harris, Green - Minutes provided.
6. ACWA – Ridilla – No Report
7. ACWA JPIA – Ridilla - No Report
8. Other Reports, e.g  
-Ad Hoc Committee GM Salary- Ridilla, Reisig – The committee met and discussed, and compared the current GM salary along with other GM’s in the area. The recommendation of the committee is to be discussed later on Agenda item 9.1.

**6. PUBLIC COMMENT PRIOR TO CLOSED SESSION**

No public comment on this item.

The Board convened to closed session at 7:46 p.m.

**7. CLOSED SESSION - The Board of Directors will meet in Closed Session to discuss the following item**

- 7.1 CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54957.6) District Negotiators, Shaw, and Vierra.  
RLECWD Employee General Unit, Teamster Local 150: Item deferred in MOU Renewal.

**8. RECONVENE IN OPEN SESSION**

*8.1 Announce any reportable actions authorized in Closed Session.*

President Ridilla announced that the Board has agreed not to offer the Northern California General Teamster Security Fund.

**9. General Manager Employment Agreement amendments subsequent to annual performance review**

1. The ad hoc committee established for this purpose will receive feedback from the other Board Members on proposed GM compensation adjustments. Actual employment agreement changes will not be considered for approval at this meeting, i.e. such to be considered at a future meeting.

The Ad Hoc Committee members John Ridilla and Robert Reisig met and recommends to the Board adding 7 days of vacation to the GM’s current contract and \$1500 to the General Manager’s annual compensation.

General Manager Tim Shaw addressed the compensation of the vacation leave, by asking that the Board consider the current District's Vacation Leave Policies be applied to the General Manager, i.e. Vacation Cash-Out Policy. If Board did consider that, maybe instead of 7 days of vacation the Board would consider 5 vacation days and 2 additional days of administrative leave.

*It was moved by Director Ridilla and seconded by Director Harris to change the General Manager Tim Shaw's contract to reflect an annual increase in compensation of \$1500 retro to May 1, 2019, 5 additional vacation days, and 2 additional administrative days to be used in accordance with the District's current Leave Policies. Directors Green, Harris, Ridilla, Reisig and Gifford voted yes. The motion carried with unanimous vote of 5-0-0.*

*General Manager Shaw informed the Board that the contract needs to be revised and placed on a future agenda.*

**10. DIRECTORS' AND GENERAL MANAGER COMMENTS - No Comments**

**11. ADJOURNMENT**

Direct Ridilla adjourned the meeting at 8:05 p.m.

Respectfully submitted,

Signature on File  
Timothy R. Shaw, Secretary

Signature on File  
John Ridilla, President of the Board