

**Minutes**  
**Rio Linda / Elverta Community Water District**  
**Executive Committee**

October 5, 2020  
6:00 P.M.

Minutes: The meeting was called to order at 6:00 P.M. The meeting was attended by Director Reisig (via Zoom), Director Green (via Zoom), General Manager Tim Shaw (via Zoom) and Contract District Engineer Mike Vasquez (via Zoom). CalMuni Advisors was Participated (via Zoom).

**Call to Order 6:00 P.M.**

**Public Comment None**

**Items for Discussion:**

1.	Discuss the options to mitigate the rapidly increasing annual CalPERS Unfunded Accrued Liability (UAL) payments.
a.	Discuss the impact on the ongoing cost of service analysis for mitigating and not mitigating UAL escalation.
<p><i>The General Manager introduced Dmitry Semenov and Cameron Weist of CalMuni Advisors. Mr. Semenov guided the Executive Committee through a presentation which comprehensively explained the causes of sharply escalating annual payments to CalPERS for the Districts Unfunded Accrued Liability (UAL). The presentation then briefly explained the options available to reduce the total amount the District will pay to CalPERS for UAL over the next 15 to 30 years. Mr. Semenov paused as necessary to answer questions from the Committee.</i></p> <p><i>The General Manager then explained that the current draft of the Cost of Service Analysis and Rate Structure Report does not account for the sharp escalation in annual UAL payments. As such, if the Board declines to mitigate these escalations, the District needs to advise the rates study consultant that the cost of service will sharply rise over the term of the multi-year rates being contemplated. The Board needs to understand that choosing status quo for UAL annual payments will result in higher rates to cover the cost of financing \$1.1 million at 7% interest over the next 25-years.</i></p> <p><i>The Executive Committee forwarded the item onto the October 19<sup>th</sup> Board agenda. Among the options presented, the Executive Committee most strongly supports the municipal loan option to reduce both the total interest the District would otherwise pay to CalPERS to finance the \$1.1 million UAL debt at 7% interest, and also reduce and stabilize the annual payments for UAL.</i></p>	
2.	Review and discuss the expenditures of the District for the month of August 2020.
<p><i>The Executive Committee forwarded the August 2020 Expenditures Report onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board Approval.</i></p>	
3.	Review and discuss the financial reports for the month of August 2020.
<p><i>Director Reisig asked about the land asset value in the August Financials Report; specifically, if the value expressed was due to the acquisition of the Well #16 Pumping Station parcel. The General Manager explained that data included in the monthly report is not exclusive of transactions well beyond the reporting period, i.e. did not just occur in August 2020. To illustrate, the General Manager pointed to the Capital Facilities field in the report and explained that the District did not acquire \$21 million in facilities in the month of August.</i></p> <p><i>The Executive Committee forwarded the August Financial Reports onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.</i></p>	
4.	Discuss independent auditors report for fiscal year 2019-2020.

<p><i>Director Green expressed his appreciation to staff for another exceptional audit. Director Green particularly expressed his appreciation for the Management Discussion and Analysis section of the report, which provides clear and understandable information on the financial condition of the District both now and looking ahead.</i></p> <p><i>The Executive Committee forwarded the item onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board acceptance.</i></p>
<p>5. Status update on annual pipe replacement project capital improvement.</p>
<p><i>The Contract District Engineer explained the progress made to date (and recent limitations on process) in exploring the feasibility of a time and materials contract for annual pipe replacements. Mr. Vasquez expressed an estimation of 75% completion. The Executive Committee requested a few clarifications on likely areas in the District Service for initial projects.</i></p> <p><i>The Executive Committee directed staff to follow up with the completed evaluation at the November Executive Committee meeting.</i></p>
<p>6. Status update on customer water consumption hardware and software pilot project.</p>
<p><i>The General Manager augmented the Agenda Item report. The General Manager explained that the five Innov8 registers were delivered on September 30<sup>th</sup> and were installed at 2 staff members' water service, 2 Board Members' water service and 1 Commercial-Industrial-Institutional (CII) water service. When the devices are calibrated and programmed to match the water meters to which the devices have been paired, we should be able to access Water Scope consumption data and evaluate this option as a feature customers can use to decide for themselves on the need for water consumption modifications. The current Neptune 360 software provides consumption data. However, the alternatives to Water Scope quotes are not scalable to the number of interested customers, i.e. the annual costs for the alternatives are the same price regardless of the number of customers enrolled.</i></p> <p><i>Staff will continue to update as future Executive Committee meetings.</i></p>
<p>7. Update from Contract District Engineer</p>
<p><i>The Contract District Engineer augmented his written report with additional, up-to-the-minute details on the status of engineering projects and correspondence with developers and contractors.</i></p>
<p>8. Request to borrow District equipment from a community benefit non-profit</p>
<p><i>The General Manager augmented the Agenda Item reports to explain the benefits of his relevant experiences in such matters prior to his engagement at RLECWD. The General Manager explained that if such requests by community benefit non-profits become more regularly occurring, and/or entities without the formal tax-exempt status regularly request the same benefit, it might become prudent to adopt a policy. In the meantime, the General Manager assured the Committee that staff will confirm the requesting entity meets all requisite criteria, and affirm the requesting entity is properly trained/experienced in the safe transportation and use of the equipment.</i></p>

**Directors' and General Manager Comments: None**

**Adjournment: 7:30**

Next Executive Committee meeting: Monday, November 2, 2020 at 6:00 p.m. Remote (no in-person attendance)