

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

January 8, 2025 @ 6:00 P.M.

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

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

This meeting was attended by Director Young, Director Liverett, General Manager Tim Shaw, and Contract District Engineer Mike Vasquez

**Public Comment:** There were no public members in attendance.

**Items for Discussion:**

1. Contract District Engineer's Update.

*The Contract District Engineer began with handing out documents detailing the distinction between Construction Cost Index and Building Cost Index, wherein the Contract District Engineer brought enough copies (and then some) for all in attendance. The additional document was subsequently appended to the posted packets for the meeting. The Contract District Engineer presented his written report. The Committee engaged in robust discussion of the annual inflation adjustment for drinking water capacity fees with a particular focus on whether or not the Engineering News Review publishes a Construction Cost Index for Sacramento. The conclusion was that the assertion made by Director Liverett at the December 18<sup>th</sup> Board meeting was based on misinterpreting the Building Cost Index as being the same as the Construction Cost Index. The General Manager also explained that the process of establishing Capacity fees is similar to the process for establishing rates except that instead of ratepayers having Prop 218 majority protest rights, homebuilders can claim inappropriate / unsupported fee components. As such, the process of establishing capacity fees entails circulating and eventually adopting a capacity fee study. Capacity fee studies, therefor, include an expressly defined process for making annual adjustments for inflation of construction costs. Further, the GM explained, every capacity fee and impact fee program he's reviewed has stipulated the Construction Cost Index for California published in the Engineering News Review. A deeper dive into the Engineering News Review published data shows that the details used for California includes only construction materials in the San Francisco and Los Angeles regions.*

*The Committee also discussed other aspects of the Contract District Engineer's report with a moderate amount of discussion on the annual pipe replacement program, a component of the District's Capital Improvement Plan. Director Young questioned why the target for the annual project beginning in July will be replacing the 4-valve crosses in various locations throughout the Distribution system. Staff explained that the prioritization of replacing 4-valve crosses stems from discussion with RLECWD operators and the recurring experience of leaks at these crosses with further consequences being the necessity to interrupt water services to larger numbers of houses because the valves in the crosses are commonly inoperable, i.e. stuck in the open position. Such prioritization has been previously discussed with and concurred by the prior Executive Committee. A recent substantial leak at one of these crosses required emergency repair and the corresponding prioritization for crosses replacements was discussed in correlation to the Contract District Engineer's summary of the emergency repair at recent Board meetings.*

2. Discuss Executive Committee Structure and Priorities for 2025.

*The agenda item began with selecting Director Young as the Chair of the 2025 Executive Committee. The focus then shifted to the document submitted by Director Liverett, which was distributed less than 72-hours prior to the meeting. As such, the document was subsequently appended to the packets for the meeting and packets posted for public review (pursuant to Brown Act requirements). The document submitted by Director Liverett is conceptually a good idea. However, there were aspects in the document which might blur the line between Brown Act compliance and simple concepts of transparency. Similarly, some of the language in Director Liverett's Draft Executive Committee Standard Operating Procedures implies the Committee has authority that it does not have.*

*The Executive Committee will continue to refine the establishment of standard operating procedures or a guidance document prior to bringing such to the Board for consideration of approval.*

3. Discuss Need for Revisions to Policy 2.20.140, Board Member Compensation.

*The General Manager presented his written report. The Committee engaged in discussion on the history and justifications for the current policy. Director Liverett asked why the compensation cannot be automatic for meetings where the minutes reflect Board Member attendance. The General Manager explained that the current policy reflects a response to abuses, not only here at RLECWD but abuses in general, which is why the statutes require ethics training and regulation by the Fair Political Practices Act / Commission. Compensating elected officials requires a publicly adopted written policy. The written policy may seem like overkill until you consider abuses and consequences therefrom. The discussion then shifted to limiting the proposed revision to a change in the time limit from the current 30 days limit to a proposed 60 days limit.*

*The Executive Committee forwarded the item onto the January 27<sup>th</sup> Board agenda with the Committee's recommendation that the Board approve a revision to extend the time limit from 30 days to 60 days.*

4. Discuss Expenditures for November.

*The Executive Committee reviewed and discussed the Expenditures. Director Young focused on the November charges from Legal Counsel. In response to Legal Counsel charges associated with labor issues, the Executive Committee directed staff to explore the feasibility and process for changing the engaged law firm for legal services.*

*The General Manager was directed to see if one of the respondents to the 2022 Request for Proposals process for legal services remains willing to abide by their proposal, and if confirmed, to place an item on the January 27<sup>th</sup> Board agenda to consider authorizing termination of the engagement with White Brenner and corresponding authorization for engagement with a new services provider.*

*Director Liverett also asked a question about the pass-through items on the expenditure report, which are not actually expenditures. For example, union dues are deducted from each union represented employee's paycheck then the District writes a check to Teamsters, but the funds for the check are not ratepayers funded. The decision to include pass-throughs on the expenditures report stems from the concept of transparency.*

*The Executive Committee forwarded the November Expenditures onto the January 27<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.*

5. Discuss Financial Reports for November.

*The Executive Committee reviewed and discussed the November Financial Reports. Director Liverett had questions about the line item under the heading "Net Positions" which reads, "38000 Unrestricted" in the amount of \$6,597,086.39. Specifically, Director Liverett asked is this money available to refinance existing debt and thereby reduce the amount of interest being funded by ratepayers. Directors also asked about the "Liabilities & Net Position section, specifically the line item "23500 Lease Buy Back. The GM's response was a clarification that the meeting location (Parks District facility), a lack of access to more detailed records during the Executive Committee, and stipulating that the GM does not process total recall is why he has apprised previous new members of the Executive Committee to try and let him know ahead of the meeting (while he is still in his office) about questions Directors have upon reviewing these reports. Otherwise, the GM has to confirm his answer and follow up with corrections/confirmations. The follow up from the GM is that the Net Positions item, "38000 Unrestricted fluctuates month by month and is analogous to a monthly*

*bottom line for a savings account. More thorough review of the activity in this line item needs to be done if the Board wishes to contemplate using these funds to retire existing debt. Further, the GM explained that the “23500 Lease Buy Back” line item is associated with the elevated water storage tank, with tower mounted cellphone equipment. The District endured a financial crisis beginning around 2010. One of the then Board’s responses to the crisis was to sell the rights to collect rent from the cellphone companies to a third party in exchange for a one-time, lumpsum payment.*

*The Executive Committee forwarded the November Financial report onto the January 27<sup>th</sup> Board agenda with the Committee’s recommendation for Board approval.*

**Directors’ and General Manager Comments:**

- X – Water Loss Audit Submittal Documented
- Y – Water Use Objectives Submittal Documented

*For both listed items above, the General Manager explained that the simple documents were included with the packets to document proof that staff submitted the mandated reports on time. The actual reports, which begins with “templates” provided by the state (State Water Board and Department of Health Services) are very voluminous and macro enabled Excel Workbook, which do not print out properly due to the macros and/or some other attribute associated with these “templates”. The state programs require water agencies to electronically upload the completed reports.*

**Items Requested for Next Month’s Committee Agenda:**

*Director Liverett requested more detail (specifically monthly activity over the past few years on the feasibility of using funds delineated as “38000 Unrestricted” to retire existing debt. She also requested details on existing debt which would help quantify the potential amount of ratepayers’ savings on interest.*

**Adjournment:** 7:32 P.M.