



DATE: June 1, 2011

TO: Honorable Steve White
Presiding Judge of the Sacramento Superior Court
720 9th Street, Department 47
Sacramento, CA 95814

FROM: Peter Brundage, Executive Officer
Sacramento Local Agency Formation Commission

RE: **Sacramento Local Agency Formation Commission Response to the Grand Jury Report Rio Linda/Elverta Community Water District: Legacy of Dysfunction**

Pursuant to Penal Code Sections 933 and 933.05, the Sacramento Local Agency Formation Commission (Commission) submits the following responses to the 2010-2011 Sacramento Grand Jury report on the Rio Linda/Elverta Community Water District.

Grand Jury Finding 10.0: Both CDPH and LAFCo are actively trying to help RLECWD solve its problems and properly serve the ratepayers.

Grand Jury Recommendation 10.1: CDPH and LAFCo should continue to use their combined influence and authority to assist the RLECWD to become financially sound and capable provider of safe and adequate water.

LAFCo Response: Sacramento LAFCo will continue to review and monitor the status of the Rio Linda/Elverta Community Water District. LAFCo will provide assistance, available resources, and will coordinate with the California Department of Public Health to monitor RLECWD's compliance with the CDPH Orders. In the event, that RLECWD does not comply, LAFCo will continue to examine options and opportunities to reorganize RLECWD with another public or private water agency.

Grand Jury Finding 11.0: The District is clearly operating in a substandard manner that impedes success in attaining the stated mission of "supplying water to existing and future customers in a cost effective manner while operating the District in a financially sound manner."

Grand Jury Recommendation 11.1: If District operations do not show substantial signs of improvement by December 31, 2011, the Board should institute voluntary receivership proceedings, undertake to reorganize into a neighboring water district, or allow itself to be sold.



LAFCo Response: If District operations do not show substantial signs of improvement by the end of the year, Sacramento LAFCo will assist the RLECWD to reorganize or be sold, if that would be in the best long-term interest of the customers.

Grand Jury Recommendation 11.2: Both CHDP and LAFCo must use their influence and authority to assist the District and force Reorganization or Receivership, if the District does not show substantial signs of improvement by December 31, 2011.

LAFCo Response: Sacramento LAFCo will continue to evaluate corrective actions undertaken by RLECWD. In the event RLECWD does not make sufficient progress toward developing a sustainable business plan and providing a sufficient quantity of safe water that meets the applicable public health standards, LAFCo will evaluate Reorganization and Receivership options and work with local community water agencies and CDPH to facilitate a Reorganization if that is in the best interest of the customers.

Respectfully Submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Peter Brundage,
Executive Officer

cc: LAFCo Commissioners
RLECWD Board of Directors
Sacramento Suburban Water District
Sacramento County Department of Water Resources

