



**For Immediate Release March 22, 2010**

## **EID Cuts \$1.3 Million in Personnel Costs: Reductions Fulfill Board's Commitment to Additional Savings**

### **Amendment Broadens Water Availability for New Construction in El Dorado Hills**

**Placerville, CA...** El Dorado Irrigation District general manager Jim Abercrombie today announced a savings of \$1.3 million in the revised 2010 budget as directed by the district's board of directors in the resolution they adopted on February 4. The savings were achieved largely through a reorganization of the natural resources department and the elimination of 14 positions—changes that were finalized on Thursday, March 18.

“The board's February 4 resolution directed me to cut at least \$1 million from the revised 2010 operating budget,” Abercrombie reported during the March 22 regular board meeting. “Previous deep cuts in our materials and services line items left little room for additional reductions there. So I took a hard look at staffing. My goal was the continuation of high-quality services to our customers with an eye on the most efficient operations possible.

“As we told customers over the past few months, it is never easy to raise rates and particularly not in tough economic times. It's also not easy to lay off hard-working employees who have the best interests of our customers and the district at heart. We are providing outplacement counseling services to help them transition to new employment, and I wish them the best.”

Abercrombie explained that reorganization of the natural resources department included the elimination of the department head position and a water resources analyst position, and a water use efficiency technician position; the relocation of recreation services to the operations department, and the shifting of watershed, water efficiency, and environmental review and compliance functions to the engineering department. Other layoffs include two engineers, an information technology program manager, and a utility worker, senior administrative analyst, construction inspector, and part-time human resources technician. A manager position was re-classed to the supervisor level, and an administrative analyst position was re-classed as part time. These changes account for approximately \$800,000 of the total \$1.3 million in savings.

“We also laid off the four-person staff at our state-certified laboratory, where we test for water quality and perform other functions required by regulations,” Abercrombie said. “We are contracting with a private firm that will rent our lab facilities, perform our testing, and seek other business in the area. The district achieves overall savings of \$536,000 the first year and \$322,000 per year thereafter through the reduced personnel costs at the lab and the rental income.”

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Abercrombie reminded the board that these savings are separate from the \$1 million in expense reductions called for in the 2010 budget initially adopted last November. “We are saving that \$1 million through negotiations with our employees’ union,” he said. “The proposed agreement is being voted on now by employees, and we hope to bring an employee-ratified contract to the board for consideration at the March 29 special board meeting.”

The March 29 (Monday) meeting is open to the public. It will begin at 9:00 a.m. in the board room of the district’s customer service building, 2890 Mosquito Road, Placerville.

### **Change in Water Resources Report Broadens Water Availability in El Dorado Hills**

An amendment to the district’s 2009 Water Resources and Service Reliability Report frees up 700 equivalent dwelling units (EDUs = 0.86 acre-feet of water) for purchase by any qualified customer in the El Dorado Hills supply area. Qualified customers may or may not have current contractual commitments with the district.

“It’s important to note this amendment does not take water from other parts of the district for use in El Dorado Hills,” emphasized Brian Mueller, EID’s director of engineering, in a report to the board. “The water came from a contractual commitment we had with Wetsel-Oviatt. Now Sierra Pacific Industries, the successor to Wetsel-Oviatt, has agreed to suspend 75 percent of that commitment for five years, making about 700 additional EDUs available and giving individuals or developers who do not have commitments an equal opportunity to buy meters.”

“This is the first time in quite a while that we have EDUs available for anyone to purchase in El Dorado Hills,” Mueller said. “For the past several years, only those with contractual commitments have been eligible to purchase EDUs in that part of our service area. In these times, that was a concern to our Board, who didn’t want to turn away anyone who wished to build approved homes or small businesses.

The amendment is attached to this news release and is also available at [www.eid.org](http://www.eid.org) (click on the Document Library icon, then Water Resources Reports).

### **Board Okays Retirement Option**

The board authorized EID’s participation in a retirement option offered by the California Public Employees Retirement System (CalPERS). The option means that any eligible employee at the district will receive two additional years of service credit should they retire by June 20. To qualify, employees must be 50 years of age and have at least five years of service at agencies, like EID, in the CalPERS system.

“As we continue to look for ways to cut operating costs, this option is advantageous to both employees and EID,” said Rob DiNunzio, the district’s director of human resources. “The employees receive a little more in their retirement checks, and the district cuts costs on a long-term basis. We must eliminate at least one position from the number of employees who retire under this option. Savings from the eliminated position more than make up for the additional cost to the district of the extra two years of service credit.”

DiNunzio reminded the board that the average age of EID retirees was 66 in 2008, and their average retirement benefit “was less than \$1600 a month, well below the \$2100 a month average for all CalPERS retirees.”

For more information, contact Deanne Kloepfer at 530-642-4073.

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# First Amendment to the 2009 Water Resources and Service Reliability Report March 12, 2010

## Summary

The District and Sierra Pacific Industries (successor in interest to Wetsel-Oviatt) have executed an amendment to the Wetsel-Oviatt Settlement Agreement described in pages 25-26 of the 2009 Report. The amendment releases three-fourths of this contractual commitment, or 1,303 Equivalent Dwelling Units (EDUs), through December 31, 2014. This amendment means that EDUs available for sale in El Dorado Hills now exceed contractual commitments by approximately 700 EDUs.

## Analysis

The 2009 Report shows that as of January 1, 2009, 3,597 unallocated EDUs were available for sale in the District's El Dorado Hills supply area. As of January 1, 2009, the total commitments in the El Dorado Hills supply area amounted to 4,192 EDUs. Since the District began tracking contractual commitments in the 2004 Report, contractual commitments in El Dorado Hills have exceeded the EDUs available for sale in every year except 2005. During these times, only the beneficiaries of a contractual commitment were eligible to purchase from the available EDUs.

EID has established a pool of 1,494 acre-feet of potable water pursuant to the original Wetsel-Oviatt agreement. During the term of the recently executed Wetsel-Oviatt amendment, SPI shall be eligible to purchase service connections for only 25% of the amount of potable water supplies in the pool established by EID, or 373.5 acre-feet. With the current single family residential unit demand of 0.86 acre-feet/EDU, this equates to 434 EDUs. This amendment therefore reduces the total contractual commitments described in Table 10 to 2,889 EDUs.

**TABLE 10 - \*REVISED 03/12/2010\***  
**STATUS OF COMMITMENTS**  
**El Dorado Hills Supply Area**

EQUIVALENT DWELLING UNITS (EDUs)					
Type of Commitment	Zone	Original Commitments	EDUs Sold in Zone 2 <sup>[1]</sup>	EDUs Sold in Zone 1 <sup>[2]</sup>	Remainder of Commitments Zone 1 and/or 2 <sup>[1]</sup>
Considered in the Formation of AD3 Existing Dwelling Units - 2,563 New Dwelling Units - 10,980	1, 2	13,543	10,289	1,837	1,417
Buy-ins Allowed to AD3	2	568	568	0	0
Monte Vista Parcels	2	112	63	---	49
Advanced Funding Agreement	1, 2	1,000	621	15	364
Wetsel-Oviatt Agreement <sup>[3]</sup>	2	1,737	--	---	<b>434</b>
Carson Creek Agreement <sup>[4]</sup>	2	625	0	---	625
<b>TOTAL EDU COMMITMENTS</b>		<b>17,585</b>	<b>11,541</b>	<b>1,852</b>	<b>2,889</b>

<b>EL DORADO HILLS COMMITMENTS in EDUs</b>	<b>2,889</b>
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# **First Amendment to the 2009 Water Resources and Service Reliability Report March 12, 2010**

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## **Conclusion**

The recently executed Wetsel-Oviatt amendment has now created a condition where available EDUs in the El Dorado Hills supply area exceed contractual commitments by approximately 700 EDUs. Thus, any qualified customer in the El Dorado Hills supply area can now purchase service, whether or not they are the beneficiary of a contractual commitment. Later this year, the District will issue the 2010 Report, which will reflect this change.

## FIRST AMENDMENT TO

### SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS

This First Amendment to Settlement Agreement and Mutual Release of Claims ("First Amendment") is entered into and made effective the 31<sup>st</sup> day of December, 2009, by and between El Dorado Irrigation District, an irrigation district organized and existing under California law with principal place of business at 2890 Mosquito Road, Placerville, El Dorado County, California 95667 ("EID"), and Sierra Pacific Industries, a California corporation with principal place of business at 19794 Riverside Ave Redding, California 96003 ("SPI"), with reference to the following facts:

#### RECITALS

- A. EID and Wetsel-Oviatt, Inc. executed a Settlement Agreement and Mutual Release of Claims ("Agreement") effective the 15<sup>th</sup> day of September, 2003, that resolved all legal and factual disputes, known or unknown, that existed between the parties regarding the matters set forth in the Agreement.
- B. SPI has succeed to all rights and obligations of Wetsel-Oviatt, Inc. under the Agreement.
- C. As of the date of this Amendment, neither EID nor SPI is in breach of any provision of the Agreement. EID and SPI have each performed all obligations under the Agreement, or the non-performance of any obligation by any party has been waived or excused by the other party.
- D. As of the date of this Amendment, EID has established a pool of 1,494 acre-feet per year of potable water pursuant to paragraph 3 of the Agreement, for

SPI's purchase of service connections for that water as provided by the Agreement.

E. As of the date of this Amendment, neither Wetsel-Oviatt, Inc. nor SPI has purchased any service connections from the water supply in the pool established by EID.

F. EID and SPI mutually wish to and do hereby amend the Agreement as provided herein.

**NOW, THEREFORE**, with reference to the foregoing recitals and in consideration of the mutual covenants contained herein, SPI and EID hereby agree to amend the Agreement as follows:

1. Notwithstanding anything to the contrary in the Agreement, from January 1, 2010 through December 31, 2014, inclusive, SPI shall be exclusively eligible to purchase service connections for only 25 per cent of the amount of potable water supplies in the pool established by EID as of the date of this Amendment, or 373.5 acre-feet. From January 1, 2010 through December 31, 2014, inclusive, the remaining 1,120.5 acre-feet of potable water supplies shall be generally available for purchase by any prospective EID customer, including SPI, in accordance with EID's then-current Board Policies, Administrative Regulations, procedures, and practices.

2. On January 1, 2015, SPI shall again be eligible to purchase service connections for the full amount of water remaining in pool established by EID, which on that date shall be 1,494 acre-feet of potable water minus all quantities purchased between January 1, 2010 and December 31, 2014, inclusive.

3. Notwithstanding anything to the contrary in the Agreement, EID shall not be obligated to increase the amount of water in the pool above 1,494 acre-feet until the adoption of the 2015 Water Resources and Service Reliability Report. All increases from and after that time shall be as prescribed by the Agreement.

4. Paragraphs 6 and 7 of the Agreement are hereby amended to read as follows:

“6. The pool shall remain in existence until September 15, 2028, or until 1,900 acre-feet per year has been purchased from the pool, whichever occurs first. Except that Wetsel may extend the Agreement in one-year increments if on September 15, 2023, or on such subsequent extended date, any water remaining in the pool is not available due to a drought or moratorium.

“7. Any water not purchased from the pool (including pre-purchase of meters) by September 15, 2028 will immediately thereafter become part of EID’s generally available water supplies.”

5. Except as expressly amended herein, all other terms of the Agreement remain unchanged and in full force and effect.

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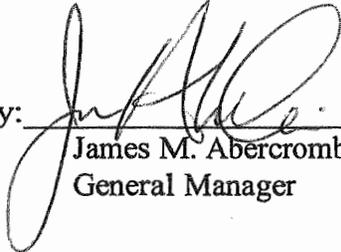
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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in their respective names by their authorized representatives.

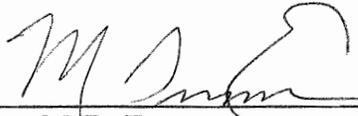
EL DORADO IRRIGATION DISTRICT

Dated: February 8, 2010

By:   
James M. Abercrombie  
General Manager

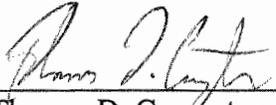
SIERRA PACIFIC INDUSTRIES

Dated: 03/02/2010

By:   
M. D. Emmerson  
Vice President

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By:   
Thomas D. Cumpston  
General Counsel  
El Dorado Irrigation District

By: \_\_\_\_\_  
Counsel for  
Sierra Pacific Industries