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RECLAMATION DISTRICT NO. 1000 BOARD OF TRUSTEES

MARCH 8, 2024
MEETING MINUTES

Members of the Board of Trustees and the public participated in this meeting in person. Present were Board President Elena Lee Reeder, Board Vice President Thomas Gilbert, Trustee Nick Avdis, Trustee Thomas Barandas, Trustee Thomas Smith, Trustee Edwin Perez, Trustee Jag Bains, General Counsel Scott Shapiro, General Manager Kevin King, Operations Manager Gabe Holleman, Administrative Services Manager Joleen Gutierrez, and Administrative Assistant Christina Forehand.

1. PRELIMINARY

1.1. Call Meeting to Order

Board President Elena Lee Reeder called the meeting to order.

1.2. Roll Call

Trustees Present: Trustee Lee-Reeder, Bains, Perez, Gilbert, Avdis, Barandas, Smith

Trustees Absent: None

1.3. Approval of Agenda

General Manager Kevin King requested two changes to the Agenda. 1) Item 5.1, correct minutes to remove Trustee Lee Reeder and add Vice President Gilbert as called the meeting to order. 2) Item 5.5 on the Consent Calendar was pulled from the Agenda to allow the Finance Committee to adjust the proposed policies before bringing the item to the Board for full discussion.

MOVED/SECOND: Trustee Perez/Trustee Smith

AYES: Trustee Avdis, Barandas, Gilbert, Smith

NOES: None

ABSENT: Trustee Lee Reeder, Bains, Perez

ABSTAIN: None

ACTION: The motion to approve the March 8, 2024, Board Meeting agenda is approved.

1.4. Pledge of Allegiance

Trustee Gilbert led the Pledge of Allegiance.

1.5. Conflict of Interest

There were no conflicts of interest.

2. **PRESENTATIONS**

There were no scheduled presentations.

3. **PUBLIC COMMENT (NON-AGENDA ITEMS)**

No Public Comment Received.

4. **INFORMATIONAL ITEMS**

4.1. GENERAL MANAGER'S REPORT:

A written report was provided in the March 8 Board packet.

Recent Storms

GM King reported round-the-clock patrols over the past few weeks, and status updates were provided to the Board. 24/7 patrols concluded on March 7, and staff resumed their normal schedule as river levels dropped below the monitoring stage threshold.

GM King reported that the media highlighted a significant snowpack in the Sierras over the weekend, with Palisades receiving over 10 feet of snow during the most recent storm. As we approach the end of the flood season, the primary concern lies in early warm spring rains, which could accelerate snowmelt beyond what is typical. Staff will continue to monitor reservoir operations and scheduled releases, ensuring preparedness.

The district's exterior levee system performed well during patrols. However, geotechnical engineer Kleinfelder has been observing two boils located at Pumping Plant 2 on the waterside of the levee. These boils are related to leech fields and past interior projects rather than any weaknesses in the exterior levee. Fortunately, there is no cause for alarm.

Administrative Services RFQs

Four Requests for Qualifications (RFQs) have been published and circulated: Bank & Investing Services, Annual Administration of the District's Stormwater Fee, Annual Administration of the District's Assessment, and a Total Compensation and Benefits Study.

Banking Services: The District received five RFQ responses. Staff will begin evaluating the submissions from various banking institutions and shortlist three finalists. The next steps include scheduling the Finance Committee to conduct bank interviews and

recommending a banking partner to the Board at the April 12 Board meeting. With the Board's approval, staff will implement the transition to a newly selected banking partner by July 1.

The RFQs for the Annual Administration of the District's Stormwater Fee and the Annual Property Assessment were released in March. Interested parties must submit their qualifications by April 15.

A Total Compensation and Benefits Study RFQ will be released on March 15 and circulate for 30 days.

Trustee Form 700

GM King reminded the Board that Form 700 statements are due by April 1.

Operations

GM King informed the Board that the District's Request for Qualifications (RFQ) for Security Services was released on January 15 and concluded on March 1. Although the District received eight responses, the current security services provider did not participate in the RFQ. Consequently, the District will likely be transitioning to a new provider. To ensure alignment with the needs of the District's partner agencies, both, the Natomas Mutual Water Company and the Natomas Basin Conservancy will be actively involved in the interview process for the recommended provider. Following the selection process, staff will present their recommendation to the Board for consideration of executing a Professional Services Agreement.

Natomas Levee Project

GM King briefed the Board about the District's kick-off meeting with the Corps and their contractor on Monday, March 4. This meeting aimed to discuss the improvements for Reach A and levee work. Pumping Plants 1A and 1 B will be temporarily offline during specific phases. GM King expressed his concerns regarding performance delays and material-related setbacks, which had been communicated to the Corps earlier.

GM King stated that Plant 4 is still offline, but PG&E has accepted a design change and purchased a new transformer. However, this will be delayed by two years as most transformer manufacturing is done in Ukraine, which is currently impacted by the ongoing war. These delays are of significant concern due to the potential impact on upgrading Plants 1A and 1B.

Trustee Tom Smith asked for confirmation that the major item would be raising the slurry wall. Trustee Smith also asked if there would be any raising of the levee in Reach A. OM Holleman responded that Reach A would include levee widening and installation of new pump motors at our pumping plants. GM King reiterated that there would be a variety of improvements due to the critical nature of Reach A.

Trustee Smith also inquired as to the traffic impacts on Garden Hwy. OM Holleman stated that there would be lane closures.

4.2. OPERATIONS MANAGER'S REPORT:

Encampments

During the Operations Manager Report, GM King that the attachment for the homeless encampment update only covers February. Unfortunately, no progress has been made in March due to winter storms. The encampments at San Juan and Airport Road, behind Home Depot, and on Del Paso will be addressed in early March. OM Holleman stated that he contacted Councilmember Talamantes for assistance with encampment removals.

EV Procurement

OM Holleman is gathering information on EV procurement and infrastructure to meet the 2035 mandate. He plans to have a packet of information for GM King to review by March 22.

Grant Funding

OM Holleman informed the Board that the district received an approximately \$480,000 Flood System Repair Program (FSRP) funding award with a 75/25 cost share. The funding will be used for lower patrol roads and AB placement. An RFP for this project will be issued soon.

Questions

Trustee Avdis asked OM Holleman if there were discernible trends related to the current homeless encampment issue. OM Holleman indicated that the encampments have remained consistent. The groups appear to be relocating from place to place.

Trustee Avdis inquired if the individuals were taking any services the City/County offered. OM Holleman noted that 95% of people do not accept services due to shelter restrictions. The District collaborates with DCR (District Community Response) to offer services and shelter when conducting encampment removals. GM King added that on a positive note, the District's patrol and security enhancements have minimized the re-establishment of encampments on the exterior levees, reducing threats to critical infrastructure.

Trustee Avdis also inquired about access roads that were the district's responsibility for maintenance, such as weed abatement. OM Holleman responded that the district does spray pre-emergent on the AB directly but does not apply treatment to the waterside of the access road.

Trustee Gilbert asked if safe housing is available for the unhoused to be moved to. OM Holleman stated that it is dependent on their circumstances. The City and County primarily focus on family housing. Many safe housing sites have restrictions and

provisions on allowing pets, and typically the unhoused individuals refuse to surrender their pets, making them ineligible for housing.

Trustee Perez expressed concerns about the RVs that access District properties and establish encampments and asked if the District had any plans to address the issue. GM King highlighted several physical barriers were placed to deter vehicle traffic on District property, such as locks, boulders, etc. However, the options are limited due to the District's need to access patrol and levee maintenance facilities. It is an ongoing issue he hopes will partially be addressed with new security services. Trustee Avdis stated that while he understands that the issue is ongoing, the district should continue to respond promptly.

4.3. DISTRICT COUNSEL'S REPORT:

District Counsel provided a verbal update on activities in February 2024.

5. **CONSENT CALENDAR**

The Board considers all Consent Calendar items to be routine and will adopt them in one motion. There will be no discussion on these items before the Board votes on the motion, unless Trustees, staff, or the public request specific items be discussed and/or removed from the Consent Calendar.

There were no comments or questions.

MOVED/SECOND: Trustee Gilbert/Trustee Barandas

AYES: Trustee Avdis, Barandas, Gilbert, Smith, Lee Reeder, Bains, Perez

NOES: None

ABSENT: None

ABSTAIN: None

ACTION: The motion to approve the Consent Calendar is approved.

5.1. APPROVAL OF MINUTES: Approval of Minutes from February 9, 2024, with changes.

5.2. TREASURER'S REPORT: Approve Treasurer's Report for February 2024.

5.3. EXPENDITURE REPORT: Review and Accept Report for February 2024.

5.4. BUDGET TO ACTUAL REPORT: Review and Accept Report for February 2024.

5.5. DISTRICT INSURANCE: Authorize General Manager to Execute Agreements and Necessary Documents Required for District Insurance Renewal.

6. **SCHEDULED ITEMS**

6.1. CALIFORNIA COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM: Review and Consider Adoption of Resolution No. 2024-03-01: Authorizing Reclamation District No. 1000 to Participate in and Purchase Shares of Beneficial Interest Issued by the California CLASS.

GM King informed the Board that he became aware of the California CLASS investment funds last year at the annual CSDA conference in Monterey.

The California CLASS is an investment vehicle available to public agencies like the State's Local Agency Investment Fund (LAIF). If the Board approves the resolution authorizing the District to invest in California CLASS, the plan is to consult with the Finance Committee before the April Board meeting. During this meeting, they will discuss initial deposits for investment. Additionally, the district's investment policy will need to be revised, and any updates will be presented to the board in April for approval. The goal is to include California CLASS as one of the district's investment diversification strategies.

Jerry Legg, Senior Director of Investment Services at California CLASS, presented on the California CLASS investment funds.

Trustee Smith inquired what the potential income would be for the district. GM King stated it would be based on the deposits or shares invested into the fund and the rate of return, which currently sits much higher than the district's current pooled investment funds, such as LAIF. Trustee Smith also appreciated the liquidity of access to district funds. Trustee Smith asked who would decide when or how much money would be invested into the California CLASS. GM King mentioned that if the Board approves the resolution to authorize participation and investment in CA CLASS, the Finance Committee will meet to create a guideline for staff regarding the timing and method of investment.

Trustee Gilbert, the Finance Committee Chair, stated that when the Finance Committee meets with Jerry Legg, they will focus on setting up internal controls, ensuring the district follows accounting standards, and meeting the provisions of the district's finance and investment policies. Gilbert also clarified that California CLASS's current rate of 5.4% was essentially an anomaly but that, over time, the district should anticipate a lower rate more in line with long-term investment rates.

Jerry Legg stated that currently, LAIF has a rate of return of approximately 4%, and the City Pool was around 2.6%, both of which are paid quarterly as opposed to the California CLASS, which disburses interest monthly, so it compounds three times before the other investments pay the district once. This is an opportunity for the district to maximize its rate of return before rates drop again and the market normalizes.

Trustee Avdis thanked Jerry Legg for his presentation and stated that his duty as a trustee is to act as a steward to the district's treasury. Trustee Avdis then inquired what the increased risk would be to the district if they invested in the California CLASS or if there was any increased risk as opposed to just standard risk from investment in any pooled investment fund.

Jerry Legg responded that it's about the same level of risk compared to other pools, but the FDIC covers LAIF, Sacramento County Treasury, and Sacramento City Pool; funds are

collateralized – the FDIC does not cover or collateralize CA CLASS Funds. In terms of risk, Jerry Legg stated that you would have to look at what the district would invest in. A list was included in the packet. California CLASS invests 33% in 1-day papers and repurchase agreements to provide liquidity. However, because it is liquid, they do not receive advance notice on whether an agency will pull funds.

Trustee Avdis asked how the California CLASS is funded and how it makes money. Jerry Legg responded that California CLASS has an administrative fee of 0.1%, or 10 basis points, on the value of the entire pool. GM King stated it would not be based on the district's investments.

Trustee Gilbert requested to see California CLASS's annual audit. Jerry Legg stated that their fiscal year closes in March so that the audit would be as of March 2023.

There were no public comments made.

MOVED/SECOND: Trustee Gilbert/Trustee Smith

AYES: Trustee Avdis, Barandas, Gilbert, Smith, Lee Reeder, Bains, Perez

NOES: None

ABSENT: None

ABSTAIN: None

ACTION: The motion to adopt Resolution No. 2024-03-01: Authorizing Reclamation District No. 1000 to be a Participant and Purchase Shares of Beneficial Interest Issued by the California CLASS is approved.

6.2. DISTRICT GENERAL ELECTION 2024: Review and Consider Adoption of Resolution No. 2024-03-02: Calling District 2024 General Election.

There were no public comments and no further discussion by the Board.

MOVED/SECOND: Trustee Avdis/Trustee Perez

AYES: Trustee Avdis, Barandas, Gilbert, Smith, Lee Reeder, Bains, Perez

NOES: None

ABSENT: None

ABSTAIN: None

ACTION: The motion to adopt Resolution No. 2024-03-02 Calling for District Election is approved.

6.3. CALIFORNIA SPECIAL DISTRICTS ASSOCIATION CALL FOR NOMINATIONS: Review and Consider Nominations for California Special Districts Association Call for Nominations.

GM King expressed interest in running for the CSDA board position, stating that he felt it would benefit the district to have a representative on the board.

Trustee Smith inquired how much time GM King would invest in serving on this board. GM King responded that it would typically require his attendance at four meetings

throughout the year and the annual conferences, which the district already participates in annually. GM King did not feel it would be a huge time commitment on his part, and he is already serving on the CSDA Fiscal Committee for this year.

MOVED/SECOND: Trustee Barandas/Trustee Smith

AYES: Trustee Avdis, Barandas, Gilbert, Smith, Lee Reeder, Bains, Perez

NOES: None

ABSENT: None

ABSTAIN: None

ACTION: The motion to nominate General Manager Kevin King to run for the California Special District Association (CSDA) Seat A is approved.

~~6.4. DISTRICT POLICY HANDBOOK & POLICY UPDATES: Review and Consider Adoption of Resolution No. 2024-03-03: Adopting District Policy Updates~~

7. BOARD OF TRUSTEE'S COMMENTS/REPORTS

7.1. BOARD ACTIVITY UPDATES:

7.1.1. Committee Meetings Since Last Board Meeting

- Executive Committee (Lee Reeder & Gilbert) February 28, 2024

7.1.2. Upcoming Meetings

- SAFCA Board Meeting – March 21, 2024 @ 3:00 pm
- RD 1000 Executive Committee Meeting – April 3, 2024 @ 8:00 am
- RD 1000 Board Meeting – April 12, 2024 @ 8:00 am

8. ADJOURN

MOVED/SECOND: Trustee Avdis/Trustee Gilbert

AYES: Trustee Avdis, Barandas, Gilbert, Smith, Lee Reeder, Bains, Perez

NOES: None

ABSENT: None

ABSTAIN: None

ACTION: The motion to adjourn the meeting is approved.