



**RECLAMATION DISTRICT NO. 1000
BOARD OF TRUSTEES
REGULAR BOARD MEETING**

**JANUARY 15, 2021
MEETING MINUTES**

In light of COVID-19 and in Compliance with CA Executive Orders N-25-20 and N-29-20, members of the Board of Trustees and members of the public participated in this meeting by teleconference. This meeting was recorded without objection. Present were: Board President Thom Gilbert; Vice President Elena Lee Reeder; Trustee Nick Avdis; Trustee Jag Bains; Trustee Tom Barandas; Trustee Debra G. Jones; Trustee Jeff Smith; General Manager Kevin King; Co-General Counsel Rebecca Smith; Co-General Counsel Scott Shapiro; Administrative Services Manager Joleen Gutierrez; Foreman Tony Del Castillo; and Administrative Assistant Christina Forehand. District Engineering Consultant Scott Brown from Larsen Wurzel attended the meeting. Consultant Alice Bao from NBS also participated in the meeting.

1. PRELIMINARY

1.1. Call Meeting to Order

Board President Thom Gilbert called the meeting to order.

1.2. Roll Call

ASM Gutierrez called the roll and established a quorum.

1.3. Approval of Agenda

MOVED/SECONDED: Trustee Avdis/Trustee Lee Reeder

AYES: Trustee Nick Avdis, Trustee Jag Bains, Trustee Tom Barandas, Trustee Thom Gilbert, Trustee Debra G. Jones, Trustee Elena Lee Reeder, Trustee Jeff Smith.

NOES: None.

ACTION: The January 15, 2021 Board Meeting Agenda is approved.

1.4. Pledge of Allegiance

Trustee Debra G. Smith led the Pledge of Allegiance.

1.5. Conflict of Interest

No Trustee conflicts were identified.

2. PRESENTATIONS

2.1. Scheduled Presentations

No presentations were scheduled.

3. PUBLIC COMMENT (NON-AGENDA ITEMS)

No public comments were made.

4. INFORMATIONAL ITEMS

4.1. GENERAL MANAGER'S REPORT: Update on activities since the December 2020 Board Meeting.

General Manager Kevin King shared he met with Asm McCarty, Supervisor Serna and Vice Mayor Harris during the month of January. Trustees Gilbert and Lee Reeder also attended the meetings. GM King is in the process of confirming meeting dates with Mayor Pro Tem Angelique Ashby and Councilwoman Katie Valenzuela to continue our outreach.

Trustee Jones inquired whether the Personnel Committee has been involved in the Operations Manager hiring process as Committee involvement had been a practice in management position decisions. Trustee Lee Reeder believes the Chair of the Personnel Committee should weigh in as this is a high-level position. General Manager King made known that he will handle the hiring process and has set up an interview panel consisting of former General Manager Paul Devereux, General Manager Brett Gray from Natomas Mutual Water Company, and himself. Trustees Jones, Lee Reeder, Avdis, and Gilbert expressed interest in receiving the qualifications and resumes of the selected interview candidates. If desired, Trustee comments will be directed to GM King in confidence.

Trustee Gilbert inquired whether the District received FMAP funds for 2021. GM King explained the full amount had been received in 2020 and needed to be spent by the end of 2020. The District is still waiting to execute the FMAP 2021 funding agreement and request to receive an advance payment.

Trustee Lee Reeder asked about the status of the Cal OES grant application. GM King responded that notifications of award have not been received, but hopefully that the District will be notified soon..

GM King stated the District has experienced some capacity loss at Plant 8 due to out of round pipes and transition pieces. SAFCA and GM King have discussed a reimbursable agreement to replace two of the pumps to restore the capacity that was lost. That will cut down on CIP needs for the replacement of two of nine pumps. GM King hopes to bring the reimbursable agreement to the Board once a draft is ready.

Trustee Jones inquired about staff wellness. GM King reported that District staff is doing well. Trustee Barandas asked about the COVID vaccine for employees. GM King will work with legal counsel and CDPH to see what tier the District falls in.

4.2. SUPERINTENDENT'S REPORT: Update on activities since the December 2020 Board Meeting.

There were no questions or comments.

4.3. DISTRICT COUNSEL’S REPORT: Update on activities since the December 2020 Board Meeting.

Co-General Counsel Rebecca Smith gave a verbal update of her activities during December 2020. She worked with the District on COVID (compliance and testing) and Financial Plan items.

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.

Trustee Jones requested a minor correction to the meeting minutes, page 20, Consent Calendar, Paragraph 1, change "December 2020 to November 2020."

MOVED/SECONDED: Trustee Jones/Trustee Barandas

AYES: Trustee Nick Avdis, Trustee Jag Bains, Trustee Tom Barandas, Trustee Thom Gilbert, Trustee Debra G. Jones, Trustee Elena Lee Reeder, Trustee Jeff Smith.

NOES: None.

ACTION: Motion to approve items 5.1, 5.2, 5.3, 5.4, 5.5, and 5.6 on the Consent Calendar with suggested changes to the Minutes is approved.

5.1. APPROVAL OF MINUTES: Approval of Minutes from December 11, 2020 Regular Board Meeting,

5.2. TREASURER’S REPORT: Approve Treasurer’s Report for December 2020.

5.3. EXPENDITURE REPORT: Review and Accept Report for December 2020.

5.4. BUDGET TO ACTUAL REPORT: Review and Accept Report for December 2020.

5.5. WARRANT FOR FUND TRANSFER: Review and Consider Approval of Warrant for Transferring Funds between Investment Accounts.

5.6. ANNUAL BANKING AUTHORIZATION (SACRAMENTO COUNTY): Review and Consider Adoption of Resolution No. 2021-01-01 Authorizing Officers and Trustees as Signatories to the Operations and Maintenance Funds held by Sacramento County Treasurer.

6. SCHEDULED ITEMS

6.1. FINANCIAL PLAN: Review and Consider Adoption of Resolution No. 2021-01-02 Adopting the District’s Comprehensive Financial Plan.

Consultant Alice Bou from NBS presented the District’s proposed comprehensive Financial Plan. She discussed the order of funding priorities, projects that the District will not be able to cover O&M expenses by FY 2028-2029, projects that CIP funding will cost approximately \$52M over 20 years.

Ms. Bou discussed three Alternative Financial Plans:

- 1) Plan 1 with Bond Financing would involve paying less initially, but the expense would keep growing. The total cost would be \$62M;
- 2) Plan 2 Funding the CIP with no Bond Financing involves paying more initially and gradually paying less at a constant rate. The total cost would be \$63M;
- 3) Plan 3 would fund the CIP with no Bond Financing and Reserve spend down. This Plan has a similar payment rate to Plan 2, would cost approximately \$62M, and involves cost recovery in later years.

The next steps involve adopting the Financial Plan and initiating the scope of work for Phase 2 of this study to evaluate potential funding mechanisms (tax, fee and/or assessment) and costs to property owners. To proceed with steps to implement a new or updated funding mechanism determined in Phase 2 of this study.

General Manager King requested that the Board approve the Comprehensive Financial Plan, direct staff to develop the scope of work for Phase 2, and GM King would return with the scope for approval if the Board approves the Plan.

Trustee Comments

Trustee Gilbert made known the Finance committee has twice looked at the Plan and made known that the Plan will be updated as we move through the process.

Trustee Lee Reeder asked about Phase 2 and which projects will be covered by the District, USACE, and SAFA.

General Manager King proposed the District could run scenarios to determine what parts of the CIP the District will fund along with the schedule. Determine where the District can be adaptive. Determine what projects are reimbursable through other organizations or agencies and determine projects with potential funding through grants or low-interest loans.

Trustee Avdis requested that the CIP process be deliberate, that we conduct outreach to stakeholders, and revisit the ranking of Capital Improvement Projects that ratepayers will fund. Currently, the assumptions are that we will fund all projects, and Trustee Avdis is not quite there. He would like to know how soon we need an increased assessment. He requests information about alternative funding sources (grants, etc.) he does not have a good sense of how realistic alternative sources will be. He inquired whether the District currently has funds in place for emergencies (outside of a Flood Fight).

GM King stated that currently, we have \$4M in CIP reserve funds that could cover an infrastructure failure, but it would depend on the extent of repairs. We would also have access to \$13M in all reserve funds that we could use in a Flood Fight situation, essentially we would exhaust all of our reserves in that scenario.

Trustee Avdis inquired about how a tax, direct assessment, or fee would be weighted. Co-Counsel Scott Shapiro would recommend deferring a discussion to the next phase. GM King suggested the first workshop could help define instruments and vehicles to generate funding, discuss pros and cons, and determine what we currently have.

Trustee Avdis asked about the 1% growth estimate. GM King shared that it is an ambitious increase in revenue due to the volatility of land-use changes in the District.

There were no public comments.

MOVED/SECONDED: Trustee Smith/Trustee Bains

AYES: Trustee Nick Avdis, Trustee Jag Bains, Trustee Tom Barandas, Trustee Thom Gilbert, Trustee Debra G. Jones, Trustee Elena Lee Reeder, Trustee Jeff Smith.

NOES: None.

ACTION: Motion to adopt the District's Comprehensive Financial Plan Resolution 2021-01-02.

6.2. COMMITTEE ASSIGNMENTS: Review and Consider Approval of Board Committee Assignments for 2021.

Trustee Avdis asked whether Committee assignments are the Board President's prerogative or whether assignments are subject to Board approval. GM King believes the Board decided last year (in 2020) to vote on approving Committee assignments because there were no objections. GM King believes the Board President has the prerogative to assign Committees, but our practice has been to have the full Board approve them in open session.

Co-Counsel Scott Shapiro suggested the recommendation should be to 'ratify the President's recommendations.'

MOVED/SECONDED: Trustee Jones/Trustee Barandas

AYES: Trustee Nick Avdis, Trustee Jag Bains, Trustee Tom Barandas, Trustee Thom Gilbert, Trustee Debra G. Jones, Trustee Elena Lee Reeder, Trustee Jeff Smith.

NOES: None.

ACTION: Motion to ratify the President's recommendations for Committee assignments is approved.

7. **BOARD OF TRUSTEE'S COMMENTS/REPORTS**

7.1. BOARD ACTIVITY UPDATES:

7.1.1. RD 1000 Committee Meetings Since Last Board Meeting

- Executive Committee (Gilbert & Lee-Reeder) January 4, 2021
- Finance Committee (Gilbert & Smith) January 5, 2021

7.1.2. RD 1000 Committees No Meetings Since Last Board Meeting

- Legal Committee (Avdis & Bains)
- Operations Committee (Smith & Lee-Reeder)
- Personnel Committee (Avdis)
- Urbanization Committee (Gilbert, & Lee-Reeder)

7.1.3. Trustee's Comments/Reports

Trustee Jeff Smith announced his departure from the Board; his last meeting will be in February 2021. GM King will work with counsel to review Board appointment options. GM King will work

with the Legal Committee and come back to the Board in February with to determine how the Board will move forward with an appointment.

Co-Counsel Rebecca Smith stated during the first 60 days, the responsibility falls on the District to either make an appointment or call for a Special Election. The appointee will serve until the next General District Election. After 60 days, the responsibility falls to the County. The County has 60 days to make an appointment or require the District to hold an election.

Counsel Smith went over procedures the District must follow. The District will notice the pending appointment 15 days before an appointment is made. Depending on how many people are interested, the District may choose to have folks fill out an application or go through an interview process. If in In 120 days the District or County have not acted, the District is required to hold an election.

Trustee Jeff Smith will memorialize his intention to vacate his Trustee position, include his departure date, and email it to the General Manager and President Gilbert to initiate an official Trustee appointment timeline.

Trustee Lee Reeder inquired about scheduled meetings with elected officials and Board attendees. GM King will further discuss meetings and attendee rotations offline.

8. CLOSED SESSION

8.1. No Scheduled Closed Session Items

9. ADJOURN

MOVED/SECONDED: Trustee Avdis/Trustee Jones

AYES: Trustee Nick Avdis, Trustee Jag Bains, Trustee Tom Barandas, Trustee Thom Gilbert, Trustee Debra G. Jones, Trustee Elena Lee Reeder, Trustee Jeff Smith.

NOES: None.

ACTION: Motion to adjourn is approved.