

**MINUTES OF THE JUNE 29, 2022
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL

The June 29, 2022 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. Visitor Depot Center 6730 Front St., Rio Linda, CA 95673. This meeting will be physically open to the public with some reasonable limitations pursuant to current state and county guidelines. All in-person attendees are required to wear masks pursuant to the Sacramento County public health order and the federal Americans with Disabilities Act. Director Ridilla led the pledge of allegiance.

General Manager Tim Shaw took roll call of the Board of Directors. Director Jason Green, Director John Ridilla, Director Chris Gifford, Director Mary Harris, General Manager Tim Shaw, District Engineer, Mike Vasquez, and Erin Dervin, Legal Counsel were present.

2. PUBLIC COMMENT – No public Comment.

3. CONSENT CALENDAR (*Action items: Approve Consent Calendar Items*)

3.1 Minutes

May 16, 2022

3.2 Expenditures

April 2022 Expenditures

3.3 Financial Reports

April 2022 Financial Reports

Comments/Questions – No public Comment.

It was moved by Director Harris and seconded by Director Ridilla to approve the consent calendars. Directors Green, Harris, Gifford and Ridilla voted yes. The motion carried with a roll call vote of 4-0-0.

4. REGULAR CALENDAR

ITEMS FOR DISCUSSION AND ACTION

4.1 GM Report.

The General Manager, Tim Shaw provided his monthly report to the Board of Directors.

The Board took no action on this item.

4.2 District Engineer's Report.

The Contract District Engineer report provided a General District Engineering, Active Development Reviews (only projects with updates from the last Board Meeting), CIP Dry Creek Road Pipe Replacement Project and 2020 Urban Water Management Plan.

The Board took no action on this item

4.3 Consider Authorizing the Cooperative Purchasing Exception to Purchasing Requirements Pursuant to District Policy 3.08.600 C-1.

The vast majority of the District's infrastructure (pipes, valves, hydrants, etc.) is located within Sacramento County public utilities easements. Typical public works maintenance and upgrades, e.g. road improvements, entails moving and restoring the above described infrastructure. When this happens, the burden falls to the owners of the infrastructure to pay for the relocation of facilities. The most common evolution is known as "raising iron".

The typical raising iron evolution is a valve box or manhole in the street. When a road improvement is finished, the iron from the valve box or manhole must be raised back to be flush with the new pavement. Failure to raise the iron results in lost access to the necessary infrastructure.

District Policy 3.08.600 C-1 provides an exception to the competitive bidding requirements if the project was competitively bid by another cooperating government entity, e.g. Sacramento County. The ongoing road improvements along Elk Horn Blvd entailed a competitive bidding process by Sacramento County, where the raising iron component was included in the bid specifications. Although the bid project is a County project, the responsibility for paying for the iron raising falls to the District.

The cost for the District to do this evolution without cooperating with the County would be much higher. A typical example of cost savings includes traffic controls, which the County's road improvement already specifies and the County provides.

Comments/Questions – No public comment.

It was moved by Director Ridilla and seconded by Director Green to authorize the exception to bidding pursuant to District Policy 3.08.600 C-1. Director Green, Gifford, Harris and Ridilla voted yes. The motion carried with a roll call vote of 4-0-0.

4.4 Consider Adopting Resolution 2022-05, Opposing California Legislature Initiative 21-0042A1.

CSDA Analysis of Initiative #21-0042A1 is recommending adoption and analysis was included as a document in the board packet.

Comments/Questions – No public comment.

It was moved by Director Ridilla and seconded by Director Green to adopt Resolution 2022-05, Opposing California Legislature Initiative 21-0042A1. Directors Green, Gifford, and Ridilla voted yes. Director Harris voted no. The motion carried with a roll call vote of 3-1-0.

4.5 Consider Approving the Form of Resolution to be Used for Direct Assessment of Delinquent Accounts.

When customers do not pay for the water services provided, and for which the District has incurred costs (payroll, energy, materials, etc.), the District has a responsibility to recover the costs via all reasonable methods. Failure to collect the cost of providing service results in transferring the cost burden from the non-paying customers to the paying customers. Pursuant to statutory requirements and District policy, the District must make all reasonable efforts to recover the cost of providing service.

The District, although authorized by statute and District policy (4.31.290), albeit recently limited by Executive Orders from the Governor, has not practiced Direct Assessments. In staff's opinion, due to the requirements of SB 998 codified in the District's Discontinuation of Residential Water Service for Non-payment policy, the District is compelled to include Direct Assessments in its "reasonable efforts" to recover costs, i.e., the District should execute the direct assessment method.

Another factor to consider is timing of the potential change in legal services provider with the implementation of Direct Assessments. The Direct assessment process is arduous from a legal perspective. Assuming the District can complete the process of engaging a new legal services provider, the implantation of Direct Assessments may wait until the transition is complete. The District must submit the details associated with the Direct Assessments to the County Assessor by August 10th each year.

The recommended form of Resolution to execute the annual direct assessments is included as a document associated with this item. The Exhibit to the Resolution is currently blank because the details for the parcels with qualifying delinquencies are yet to be compiled. Further, notices to the delinquent accounts parcel owners is a prerequisite to the required Board findings stipulated in the Resolution.

Comments/Questions – No public Comment.

It was moved by Director Ridilla and seconded by Director Green approve the form of Resolution used to direct assessment of delinquent accounts and directed staff to execute all notice requirements needed to enable Board adoption of the Resolution at the July 18th Board meeting. Directors Green, Harris, Gifford, and Ridilla voted yes. The motion carried with a roll call vote of 4-0-0.

4.6 Consider Approving Revisions to District Policy 2.20.140

At the May 16th Board meeting, Director Harris requested an item be placed on the next regular meeting agenda to enable board consideration of revisions to Policy 2.20.140. The specific objectionable content in the current version of the policy expressed by Director Harris included:

- The policy does not authorize Board Member compensation for Sacramento Groundwater Authority (SGA) special meetings. Beginning in the fall of 2021, SGA has conducted a special meeting every other month.
- Director Harris deemed the current language in Policy 2.20.140 to be “confusing” because of the inclusion of the term “travel” in the current policy

A preliminary review of the Board Member Compensation records for the past year indicate that Director Harris was erroneously compensated for one SGA special meeting.

Included in the discussion of the above agenda item at the 6-29-2022 meeting, Director Ridilla requested Legal Counsel’s (Erin Dervin) opinion on compensation to Director Harris for the SGA special meeting attendance. The current policy, 2.20.140 stipulates that Board Member compensation is limited to “regular” SGA meetings.

Legal Counsel responded that Director Harris has a reasonable expectation of compensation because (as claimed by Director Harris) she’s been compensated previously for SGA special meetings. Accordingly, the District may compensate Director Harris for the SGA special meetings she has attended.

Comments/Questions – No public Comment.

It was moved by the Board to forward to the July 7th Executive Committee meeting.

4.7 Consider Adopting the Preliminary Budget for Fiscal Year 2022-2023.

District policy recommends a preliminary budget adoption just prior to the beginning of each fiscal year. The essence of this practice is to allow for Board authorized spending after July 1st (beginning of the next fiscal year), but before the prior fiscal year end balances are available due to invoices and revenues received at or near June 30th. The year-end balances and payment of invoices at the end of the fiscal year are integral details needed for adoption of a final budget.

Comments/Questions – Public member commented.

It was moved by Director Ridilla and seconded by Director Green to adopt the Preliminary Budget for FY 2022-2023. Directors Green, Gifford, and Ridilla voted yes. Director Harris abstained. The motion carried with a roll call vote of 3-0-1.

4.8 Consider Authorizing a Ranked List of Law Firms Having Responded to the Request for Proposals and Authorize Staff to Execute Negotiations for Engagement.

At the May 16th Board of Directors meeting, the Board established an ad hoc committee for interviewing legal services respondents to the Request For Proposals (RFP). Three of the four respondents are scheduled for interviews on June 24th. The fourth respondent is scheduled for June 28th.

Due to the timing of the interviews, a ranked list representing the Ad Hoc Committee’s recommended rankings will need to be a handout document at the June 29th Board meeting.

Following Board adoption of the ranked list, staff will open the separate document detailing the schedule of charges proposed by the highest ranked respondent law firm. If the schedule of charges is reasonable, staff can begin negotiating an engagement agreement with the highest ranked and reasonably priced respondent or, if necessary (due to

unreasonableness of charges) , explore the respondent’s receptiveness to modifying the schedule of charges to attain a finding of reasonableness. If the number one ranked respondent’s charges are deemed unreasonable, staff will move onto the same process with the second highest ranked respondent and so on.

Comments/Questions – No public Comment.

It was moved by Director Ridilla and seconded by Director Harris to rank the law firms as the following: (1) White Brenner, (2) BBK, (3) CHW (4) AALRR. Directors Green, Harris, Gifford, and Ridilla voted yes. The motion carried with a roll call vote of 4-0-0

4.9 Consider Authorizing the List of Doubtful Recovery Debt Accounts

The District is a tax-exempt, non-profit government agency owned by the Rio Linda/Elverta community. When customers do not pay for the water services provided, and for which the District has incurred costs (payroll, energy, materials, etc.), the District has a responsibility to recover the costs via all reasonable methods. Failure to collect the cost of providing service results in transferring the cost burden from the non-paying customers to the paying customers. Pursuant to statutory requirements and District policy, the District must make all reasonable efforts to recover the cost of providing service. The various means to compel payment include:

1. Discontinuation of service until the unpaid balance is addressed. (statistically the most effective, but now more complex with the implementation of SB 998 and the Governor’s Executive Order on discontinuation of service during the pandemic)
2. Recording a lien against the property (effectiveness limited by property sale, many customers ignore the lien if sale of the property is not anticipated)
3. Direct Assessment places a charge directly on the property owner’s tax bill. If the charge remains unpaid for several years, the County has the authority to auction off the property for at least the amount of unpaid taxes. (effective but limited to once per calendar year. Additionally, this was a gray area in prior years due to the Executive Orders on discontinuation of service and evictions during the pandemic).
4. Sometimes, despite all reasonable efforts, the District cannot recover the cost of providing service within the time constraints and property ownership limitations. Circumstances leading to non-recovery of costs include; bankruptcy declarations, short sells and other means of transferring property ownership faster than the District can record liens, failure by the District to exercise all reasonable efforts within the statutory time limits and/or pursuant to statutory requirements.
5. In the circumstances where the district cannot recover the cost of providing service, the District is compelled to declare the debt as “doubtful recovery” AKA write off (although the term write off is prone to connote the private sector accounting principle of writing off the loss as a tax deduction. The District, a tax-exempt entity, has no such benefit. Failure to declare doubtful recovery debt has the potential to lead to findings in our annual, independent audit because the District’s financial records could fail to reflect the District’s financial position fairly and accurately.

Comments/Questions
Public Comment was made.

It was moved by Director Ridilla and seconded by Director Green to authorize the list of doubtful recovery debt accounts. Directors Green, Harris, Gifford, and Ridilla voted yes. The motion carried with a roll call vote of 4-0-0.

4.10 Authorize any New Board Member Assignments (committees and other) Proposed by the Chair Pursuant to District Policy 2.01.065.

5. INFORMATION ITEMS

5.1 District Activities Reports

- 5.1.1. Water Operations Report – Written report provided.
- 5.1.2. Completed and Pending Items Report – Written report provided.
- 5.1.3. Conservation Report – Written report provided.
- 5.1.4. Leak Repair Report – Report provided.
- 5.1.5. Minor Budget Revision

5.2 Board Member Report

- 5.2.1 Report any ad hoc committees dissolved by requirements in Policy 2.01.065 – No action taken.
- 5.2.2 Sacramento Groundwater Authority – Harris (primary) – Agenda Provided.
- 5.2.3 Sacramento Groundwater Authority 3 X 3 Ad Hoc (Harris) Agenda Provided.
- 5.2.4 Executive Committee – Gifford, Ridilla – Minutes provided.
- 5.2.5 ACWA/JPIA – Ridilla – No report.

6. DIRECTORS' AND GENERAL MANAGER COMMENTS –

7. ADJOURNMENT - The meeting was adjourned at 8:10pm.

Respectfully submitted,

Signature on File
Timothy R. Shaw, Secretary

Signature on File
Jason Green, President of the Board