

**MINUTES OF THE
MAY 18, 2020
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL

The May 18, 2020 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:33 p.m. at the Visitor's Depot Center located at 6730 Front Street, Rio Linda, CA 95673. General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director Chris Gifford, Director Robert Reisig, Director Mary Harris, Director John Ridilla and General Manager Tim Shaw were present. Director Mary Harris called into the meeting by telephone. Kerry Fuller called into the meeting as the representative for Legal Counsel. Director Green led the pledge of allegiance.

2. PUBLIC COMMENT

No Public Comment

3. CONSENT CALENDAR

3.1 Minutes

April 20, 2020

3.2 Expenditures

3.3 Financial Reports

Director Reisig requested a correction be made in section 4.7 of the April 20, 2020 minutes that the word unanimous be removed since the vote was 4-1-0.

No public comment.

It was moved by Director Harris and seconded by Director Reisig to approve the Consent Calendar. Directors Green, Gifford, Reisig, Ridilla, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

REGULAR CALENDAR

4. ITEMS FOR DISCUSSION AND ACTION

4.1 General Manager's Report

GM Shaw provided a written report.

No public comment.

The Board made no action on this item

4.2 District Engineer's Report – Mike Vasquez

Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering and Well 16 Pumping Station Construction Project.

No public comment on this item.

The Board made no action on this item.

4.3 Consider Ratifying the Field Change Order on Well #16 Project.

Anvil Builders, Inc., the contractor for the Well 16 Pump Station Project, notified me of unsuitable existing soil conditions at the western part of the Well 16 site on April 30, 2020. The unsuitable existing condition consisted of wet soil that could not dry due to a hard pan layer located beneath it. Soil in this condition cannot be compacted to the 90% compaction requirement, and therefore surface features such as pavement, concrete slabs, and structures cannot be constructed overtop. This encumbered an approximately 50' x 80' area, about 2' deep, for a total volume of about 300 cubic yards.

Upon notification from the contractor, I immediately met with the General Manager and Operations Superintendent to discuss next steps. The contractor needed a response by that evening on how the District wanted to proceed, or construction would be delayed without immediate resolution. The General Manager, Operations Superintendent, and I agreed that the unsuitable soil needed to be removed from the site and new, suitable soil, would need to be installed in its place. I received a quote from the contractor, not to exceed \$18,000, with work beginning the following morning. In agreement with the General Manager and Operations Superintendent, in the afternoon of April 30, 2020, I authorized the contractor to perform the required work and avoid any construction delay claims.

For the District to ratify this change order, the Board is requested to authorize staff to execute a construction contract change order and necessary documents with the contractor. This \$18,000 change is a 0.67% increase in the construction contract amount of \$2,691,400.00 and utilizes 4.2% of the \$428,600 construction contingency.

No public comment.

It was moved by Director Reisig and seconded by Director Harris to approve the construction contract change order in the amount of \$18,000.00 Anvil Builders, Inc. Directors Reisig, Gifford, Harris Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.

4.4 Consider Approving a Policy and Amount for Future (if needed) Field Change Orders on Well 16 Project.

Construction is dynamic and often times requires swift resolution of unforeseen conditions and changes at the construction site to prevent the District from incurring construction delay charges and to keep the contractor moving forward efficiently and on schedule. As discussed in Item 4.3 of this Board Meeting's agenda, staff moved swiftly to provide the Well 16 Pump Station contractor with direction to mitigate an unforeseen soils condition and to prevent potential delay claims. To ratify the increased contract budget to perform the additional soils work, staff requested that the Board take action in Item 4.3 to formally approve the construction contract change order 18 days after the work was directed to proceed. Had staff waited the 18 days to receive authorization from the Board to approve the additional soils work, the contractor could have been on standby while the District provided direction.

To avoid potential delays in construction and contractor delay claims, staff is requesting the Board adopt a policy authorizing staff to execute as needed future construction contract change orders and necessary documents with Anvil Builders, Inc. in amounts not to exceed \$25,000 for the Well 16 Pump Station Project. This would allow staff to quickly execute budget amendments with the Well 16 contractor for unforeseen or additional construction work deemed necessary to keep construction on schedule, and in the best interest of the District and its rate payers. It is proposed that the General Manager, Operations Superintendent, and District Engineer all assess that any additional construction work is deemed necessary before authorizing the contractor to proceed with any work and approving change orders. The Executive

Committee and Board will be informed monthly with any changes in construction work and budget amendments.

No public comment.

It was moved by Director Reisig and seconded by Director Ridilla to authorize staff to execute as needed future construction contract change orders and necessary documents with Anvil Builders, Inc. in amounts not to exceed \$25,000 for the Well 16 Pump Station Project. Directors Reisig, Gifford, Harris, Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.

4.5 Consider Authorizing the Annual Declaration of Doubtful Recovery Debt.

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.

Sometimes, despite all reasonable efforts, the District cannot recover the cost of providing service. 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.

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.

Pursuant to District Policy 3.05.140, included with your Boards packets is the list of accounts for consideration to be declared as doubtful recovery.

No public comment.

It was moved by Director Ridilla and seconded by Director Reisig to approve the list of accounts totaling \$4,027.21 to be written off. Directors Reisig, Gifford, Ridilla and Green voted yes. Director Harris abstained. The motion carried with a vote of 4-0-1.

4.6 Consider Authorizing a District Policy Establishing a Threshold for Capitalized Assets.

The District currently has no policies on the threshold for capitalizing assets. A document, *GFOA Primer Capitalization Thresholds*, is included with your Committee packets. The Government Finance Officers Association (GFOA) document provides a concise explanation and reasoning a for establishing a threshold for capitalizing assets.

Despite the above stated absence of a policy, our annual independent audit report inaccurately conveys the District has a policy and established threshold. Other District practices and documents are consistent with this de facto threshold for capitalizing assets at \$1,500. This threshold is uncommonly low. It should be raised, as recommended by GFOA, to \$5,000.

No public comment.

It was moved by Director Ridilla and seconded by Director Gifford to adopt Capital Assets Policy 3.05.180. Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

4.7 Consider Authorizing a District Policy Establishing a Threshold for Processing Checks to Reconcile Closed Accounts.

The District does not have a policy of the minimum amount of refund to process when a customer's account is closed. This results in waste and inefficiency when refund checks are processed for small amounts. Checks are processed now for a few cents, e.g. \$0.68. In context, the District cost for processing a refund check is at least \$15. This excludes any valuation of the Board Members' time for signing checks, and sometimes Q&A on why we process such small check amounts.

No public comment.

It was moved by Director Harris and seconded by Director Reisig to adopt the Policy 3.05.170 Customer Final Bill Refunds. Directors Gifford, Green, Ridilla, Reisig and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

4.8 Consider Authorizing the District's Withdrawal from the Regional Water Authority.

The RLECWD Board began its last discussed withdrawing from RWA when RWA adopted its policy, 500.16 clarifying how withdrawing member agencies obligation to fund unfunded liabilities. The Board discussions endured sporadically for about one year and concluded last spring with the turnover on the RLECWD Board. The estimated withdrawal liability provided by RWA is \$17,451.

More recently RLECWD and RWA have experience philosophical and programmatic divergence in the areas of expanding scope (e.g. Federal Affairs and Voluntary Agreements) and governance transparency (e.g. Brown Act compliance and perpetual advisory or ad hoc committees). The RLECWD Board has authorized a letter expressing the District's concerns without achieving the desired RWA redress. Multiple email outreach attempts in plain language have either been ignored, defended with narrowly construed interpretation or brushed off. These responses and lack thereof are not necessarily the opinions of the RWA Board of Directors.

Existing RWA policy empowers a single Board Member to place an item on an upcoming RWA agenda. One possible RLECWD approach could be to neutralize the current influence of the RWA Executive Director, Board Chair and like minded RWA members to place policy revisions onto the upcoming RWA Board agenda. If that does not produce the desired outcome, the District is free to exercise its withdrawal option, which has financial consequences.

Based on the withdrawal liability of \$17,451 and the current annual membership dues for RLECWD, the District would break even (amount saved from not paying annual dues = amount paid in withdrawal liability) in two years.

No public comment.

It was moved by Director Ridilla and seconded by Director Gifford for the District to withdrawal from membership in the Regional Water Authority (RWA). Directors Reisig, Gifford, Green, Ridilla and Harris voted yes. The motion carried with unanimous vote of 5-0-0.

4.9 Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065.

No public comment on this item.

5. INFORMATION ITEMS

5.1. DISTRICT ACTIVITY REPORT

5.1.1. Water Operations Report

5.1.2. Conservation Report – No report was provided.

5.2. BOARD REPORTS

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

5.2.2. Regional Water Authority –Gifford, Shaw –Agenda Provided.

5.2.3. Sacramento Groundwater Authority – Harris, Reisig. No Meeting.

5.2.4. Executive Committee – Green, Reisig - Minutes provided.

5.2.5. ACWA/JPIA – Ridilla - No Report

5.2.6. Ad Hoc Committee –None

5.3. OTHER REPORTS – No Completed and Pending Items report.

6. DIRECTORS' AND GENERAL MANAGER COMMENTS – None.

7. ADJOURNMENT

President Jason Green adjourned the meeting at 7:34 p.m.

Respectfully submitted,

Signature on file
Timothy R. Shaw, Secretary

Signature on File
Jason Green, President of the Board