



RECLAMATION DISTRICT 900

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March 18, 2021

Online through Zoom Meeting

6:00 P.M.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF RECLAMATION DISTRICT NO. 900

The members of the Board of Trustees of Reclamation District No. 900 convened at the above time remotely through the use of Zoom Meeting.

President Guerrero called the meeting to order. Also in attendance were Trustees Chris Ledesma, Trustee Quirina Orozco and Norma Alcala, Secretary/Manager Tim Mallen; Attorney Ralph Nevis, Greg Fabun, Mary Ann Cropper and two members of the public, Heather and David Julian.

1. Agenda Approval. President Guerrero asked for an amendment to the agenda under item 6 to address an interim administrative agreement as a result of the General Manager's resignation and deferred to Mr. Nevis for guidance. Mr. Nevis informed the Board that yesterday the General Manager tendered his resignation, to be effective April 2, 2021, and that the Board needs to act for an interim solution prior to the General Manager's planned last date of employment on April 2. Mr. Nevis informed the Board that the Brown Act allows for the addition of items that come up after the posting of the agenda requiring immediate action. Mr. Nevis proposed the addition of Item 6.5 to discuss the resignation of the General Manager and an interim solution for the management of the District and informed the Board that a 2/3 vote was required to make such an addition to the agenda. President Guerrero asked for a motion to approve the amended agenda, Trustee Alcala made the motion to approve the Agenda as amended, Trustee Ledesma seconded the motion and it carried 4-0.
2. Public Comment on items not on the Agenda. Two members of the public requested to collectively speak in regard to the Blacker Canal restoration project and presented a letter to the Board outlining their concerns signed by several property owners bordering the project. The letter was provided to the Board prior to the meeting. David Julian addressed the Board noting his understanding about the necessity to make repairs to Blacker Canal, but also wanted to express their concern for all of the wildlife they have observed in the ditch and their hopes that the Board was considering both near-term and long-term impacts that the project may have. Heather Julian addressed the Board in regard to the water level concerns and that the RD and City moving forward should work towards efforts to maintain water levels in the canal in helping to support the wildlife present.
3. Consent Calendar: With no further discussion requested by the Trustees on the consent items, President Guerrero asked for a motion to approve the minutes of the February 18, 2021 Board meeting, Trustee Orozco made the motion, Trustee Alcala seconded the motion and it

carried 4-0.

4. District Financial Update: Manager Mallen reported that there were no significant large expenditures for the month of February. He also reported that establishing the RD 537 account is still ongoing and that the first installment of the Internal Drainage property tax for the area formerly a part of RD 537 has been processed but went into the wrong cost center at the Yolo County Treasury, which will require moving the money to the proper account. Manager Mallen also reported that to date only minor initial expenditures have been incurred on the Drever building remodel but that in the near future that project should see more significant expenses and reporting. President Guerrero asked for a motion to approve the financial update, Trustee Alcalá made the motion, Trustee Ledesma seconded the motion and it carried 4-0.

5. Presentations.

5.5. 2020 Audit Presentation by Mary Ann Cropper of Cropper Accountancy: Ms. Cropper updated that the Board was provided with a Basic audit of Financial Statements and the Single Audit which were issued separately. She reported that the audit had a clean and unmodified opinion. Ms. Cropper reported that there were large prior period adjustments for monies received from DWR that were not entered into the financial system, but rather were previously tracked through billing by letterhead. She reported that the other significant prior period adjustment was for gains in the Treasury account for GASB 31 adjustments for market to market adjustments made for Fiscal year ending 2019 and 2020. Ms. Cropper reported that there were 18 audit adjustments that were mostly related to cost reimbursement grants. She reported that this was mostly due to processes that were not in place and still under development.

Ms. Cropper reported out on the Single audit that there were no compliance issues but that there were deficiencies in internal controls. One being in regard to segregation of duties; she reported that the previous Board, prior to LAFCo action, took more of an oversight role in the financials; but now, without that oversight and with the limited management staff, there is a need to provide separate authority to approve spending and also sign checks. Ms. Cropper stated that an internal controls policy and procedure manuals for spending and grant compliance needed to be developed. Additionally, a corrective action plan needs to be developed by the Board and included along with the audit to be submitted by March 31, 2021.

Trustee Alcalá asked how long the previous Board's procedures had been in place prior to the change. Manager Mallen reported that the previous procedures had been around as long as recollection and that these included monthly signing off on check registers and account statements from both the treasury and the bank as well as having a double signatory on all checks issued by the District. Trustee Alcalá further inquired about exposure by the District to fraud as a result of their financial procedures. Ms. Cropper reported that the lack of controls did in fact expose the District to the potential for fraud, but that the auditors found no evidence of fraud or impropriety. Both Ms. Cropper and Trustee Ledesma commended Manager

Mallen on his integrity in managing the financials and to acknowledge his desire to put financial controls in place, including through continued contractual services of Certified Public Accountant, Dustin Dumars.

President Guerrero asked for clarification on the actions needed to authorize a Corrective Action Plan. Mr. Nevis clarified that the Board could authorize a member and the Manager to develop a plan that then could be ratified at a subsequent Board meeting or there could be a Special Board meeting prior to March 31st to approve the plan prior to submitting.

President Guerrero asked Ms. Cropper what actions could be taken to provide consistency in the evaluation of the process. Ms. Cropper stated that the development of financial and compliance policies and procedures is key to consistency and to also reevaluate staffing needs.

President Guerrero asked for a motion to approve the Financials and Single Audit as presented with the authority for Manager Mallen, Ralph Nevis and Trustee Ledesma to prepare a corrective action plan for Board approval. Trustee Alcalá made the motion, Trustee Ledesma seconded the motion and it carried 4-0.

6. Discussion of completing funding of Other Postemployment Benefits ("OPEB") liability: Manager Mallen presented the Staff report included with the Agenda on the timeline of funding the OPEB liability. He explained that the value has been a moving target based upon employees, retirees, and market performance, which is why the currently allotted budget amount does not match the current Net OPEB liability. Manager Mallen explained that the Board could choose to move ahead with funding the liability based on the report through June 30, 2020 which showed \$194,107 net liability, the allotted budget amount based on the report through June 30, 2019 which showed roughly \$145k or to wait and have the Board act at a later date. Manager Mallen further reported that the majority of liability shown in the report is not for current employees but rather for retired employees, which is where the liability has been incurred. After a brief discussion of possible actions and funding methods the Board suggested moving ahead with Manager Mallen's recommendation of funding the liability of \$194,107 as shown in the report for June 30, 2020.

President Guerrero asked for a motion to approve the funding of OPEB liability as recommended as well as to adjust the budget to reflect the increased spending, Trustee Alcalá made the motion, Trustee Ledesma seconded the motion and it carried 4-0.

6.5. Board's Consideration of the Resignation of Manager Mallen and consideration of steps moving forward: Manager Mallen presented that he has been working with Mr. Nevis, President Guerrero and WSAFCA staff to explore possible paths forward for an interim management structure and selection process for the replacement of Manager Mallen.

Mr. Nevis requested that the Board provide authority to himself and Manager Mallen to develop possible interim solutions for the

management of the District, including the possibility of a Services Agreement with the City and to work towards a permit solution for the selection of a future General Manager. Trustee Ledesma volunteered to help on a subcommittee to work through possible alternatives to bring back to the Board for interim and permanent solutions.

The Board discussed possible times for a follow up meeting to act on the developed plans for interim solutions for management as well as approve a Corrective Action Plan. Mr. Nevis stated that there would also probably be a closed session item for personnel matters on the agenda. The Board agreed to meeting at 6:00 pm on Thursday March 25, 2021. President Guerrero asked for a motion to approve a Special Meeting on March 25, 2021 to discuss the above items, Trustee Alcalá made the motion, Trustee Ledesma seconded the motion and it carried 4-0.

7. Informational Items.

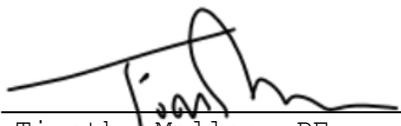
7.1. General Manager's report. Manager Mallen presented the Manager's Report as included with the Agenda Materials. There was additional discussion on specific items below.

7.1.1. Trustee Ledesma asked for clarification on the timing for approval of the budget. Manager Mallen explained that a projected budget is required to be submitted in June of each year and that a Final budget be submitted by the end of September each year. He explained that the in the past the District has only submitted a projected budget each year.

7.1.5. Mr. Fabun updated the Board that the design of the Yolo Bypass East Levee Project is nearly complete, and the final step is the completion of the environmental review process with the CEQA expected in June or July and NEPA process wrapping up about the same time. The Corps has yet to receive construction funding for the project. Mr. Fabun also stated that the geotechnical explorations and phase one environmental review process is scheduled to commence soon for the next phase of the Federal Project, which consists of the Sacramento River North Levee from the Sacramento Weir to the barge canal.

7.2. Trustee Reports and Updates. There were no reports or updates provided by the Trustees.

8. Adjourn. There being nothing further, President Guerrero asked for a motion to adjourn. Trustee Alcalá moved and Trustee Ledesma seconded the motion and it carried 4-0.



Timothy Mallen, PE
General Manager/Secretary