



RECLAMATION DISTRICT 900

Post Office Box 673

West Sacramento, CA 95691

PH: (916) 371-1483 • [email: admin@rd900.org](mailto:admin@rd900.org)

NOTICE OF SPECIAL MEETING AND AGENDA RECLAMATION DISTRICT NO. 900 March 25, 2021, 6:00 p.m.

To be held via video conference, to submit comments in writing please email admin@rd900.org and write "Public Comment" in the subject line. Include the item number you wish to address along with your comments in the email. All comments received prior to the commencement of the meeting at 6:00pm will be provided to the Trustees and become part of the meeting records. If you need special assistance to participate in this meeting, please contact RD 900 at (916) 371-1483. Notification at the earliest opportunity prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting. Streaming of the Board Meeting is made available at: https://youtu.be/D3t1q22yQ_M

Materials related to the items on this Agenda shall be made available at https://www.rd900.org/s/2021-03-18_Full_Package.pdf prior to the meeting. Any materials related to the items on this Agenda that are provided to the members of the Board within 24 hours prior to the meeting shall be made immediately available at the same address.

I, Timothy, Secretary/ General Manager, declare under penalty of perjury that the foregoing agenda for the regular meeting to be held at 6:00pm March 25, 2021 of the Board of Trustees of Reclamation District No. 900 was posted March 24, 2021 in the office of the City Clerk, 1110 West Capitol Ave, West Sacramento, CA as well as the office of Reclamation District No. 900, 1420 Merkley Ave Suite #4, West Sacramento, CA, and was available for public review. Pursuant to the Ralph M. Brown Act, comments from the public will be entertained on each agenda item. The agenda for that meeting is as follows:

Timothy Mallen, Secretary/ General Manager

AGENDA

1. Agenda Approval
2. Consideration and Approval of Audit Response and Corrective Action Plan regarding March 18, 2021 Audit Presentation by Mary Ann Cropper of Cropper Accountancy
3. Closed Session. PUBLIC EMPLOYMENT – Government Code Section 54957(b)(1). Title: General Manager
4. Report out of closed session
5. Consideration of Options for Appointment of Interim Management for the District
6. Adjourn



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DISCUSSION DRAFT

Finding 2020-1 Segregation of Duties (Material Weakness)

Findings. The audit found that due to Board transition, which occurred in late 2019, the General Manager became the signer on all bank accounts and the authorizer of all invoices, while retaining edit access in the accounting system. In addition, certain key reports and financial analyses (such as balance sheet reconciliations and nonstandard journal entries) are not independently reviewed and approved. In past years, certain elements of internal control were performed by the Board of Trustees in order to provide segregation of duties (the authorization function). During the year ended June 2020, the Board of Trustees discontinued those elements of control and the elements were not reassigned.

Recommendations. The audit recommendation is to increase staff or the level of supervision, as well as enlisting Board members to perform some functions. Specific recommendations include: (1) design duties to ensure separation of functions and include the duties in job descriptions; (2) reassign edit access within the accounting system; and (3) provide for independent review and approvals of: (a) key reconciliation reports; (b) non-standard journal entries; (c) timesheets; and (d) payroll changes.

District Response. The District accepts this finding. The District has been in a period of transition since late in calendar year 2019 due to resignation of its General Manager and the installation of a new Board of Trustees. The District will modify its processes to achieve necessary separation of functions, oversight, and internal controls. As of the date of this audit report, the District has begun to implement the recommendations and intends to complete implementation by June 30, 2021. The Board of Trustees and Management shall be responsible for implementing the recommendation.

Finding 2020-2 Accrual of Reimbursable Grant Costs (Material Weakness)

Findings. The audit found that grant receivables were not accrued as receivable when costs were incurred rather than when billed. As a result, material audit adjustments were required to properly accrue grant receivables in the correct fiscal period.



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Recommendations. The District should accrue receivables for reimbursable costs during the monthly accounting close. Such accruals should be independently reviewed and approved.

District Response. The District accepts this finding and will accrue receivables for reimbursable costs during the monthly accounting close. Review and approval will be accomplished in conjunction with the implementation of measures associated with Finding 2020-1, with compliance intended to be complete by June 30, 2021. The Board of Trustees and Management shall be responsible for implementing the recommendation.

Finding 2020-3 Internal Control Over Compliance: Written Compliance Policies and Procedures (Significant Deficiency)

Findings. The audit found that the District lacks policies and procedures required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Prior to fiscal 2020, the District had not had an audit performed according to the Uniform Guidance.

Recommendations. The District should identify all required Uniform compliance requirements under federal grant agreements and ensure that written policies and procedures exist and include key internal controls over compliance. Job descriptions should be updated accordingly.

District Response. The District accepts this finding. The District has been in a period of transition since late in calendar year 2019 due to resignation of its General Manager and the installation of a new Board of Trustees. The District plans to review the Uniform Guidance and bring its policies and procedures into compliance. The Board of Trustees and Management shall be responsible for implementing the recommendation, with advice and guidance from District General Counsel. The District intends to carry out its plan by December 31, 2021.

SHARED SERVICES AGREEMENT

This Shared Services Agreement (“Agreement”) is dated this ___ day of _____, 2021 (“Effective Date”), by and between the City of West Sacramento, a municipal corporation (“City”), and Reclamation District 900, a Reclamation District formed and existing under the laws of the State of California (“RD 900”).

RECITALS

WHEREAS, due to the resignation of its current General Manager RD 900 has an immediate need for General Manager services that cannot be timely filled by the retention of an individual to assume the General Manager position; and

WHEREAS, RD 900 has requested that the City provide General Manager services on a temporary basis while RD 900 recruits to fill the General Manager position; and

WHEREAS, the duties of the RD 900 General Manager are described in Exhibit A to this Agreement; and

WHEREAS, the City has the personnel to provide the above-described services to RD 900; and

WHEREAS, RD 900 wishes, pursuant to its authority under Water Code section 50951, to enter into this Agreement with the City for the provision of General Manager services.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Scope of Work.** The City shall perform the services of RD 900's General Manager. The City shall designate one or more City employees to perform these services, subject to approval by RD 900's Board of Trustees. The assigned individuals shall perform the services identified in Exhibit A as needed in accordance with state law and the rules, regulations, policies and procedures of RD 900.
2. **Final Decision-Making Authority.** RD 900, acting through its Board of Trustees, shall have final decision-making authority over the activities of the individuals assigned by the City to perform services.
3. **Compensation.** Work performed by the City under this Agreement shall be compensated by RD 900 to the City at the actual cost of employee wages, benefits, and the City's federally approved Indirect Cost Allocation Plan (ICAP) rate for the actual hours worked toward RD 900 functions. In addition to the hourly rate, the City shall be compensated for all costs incurred while performing under this Agreement, including, but not limited to, mileage at the current published IRS business rate. In no event shall the total payment for services and expenses under this Agreement exceed \$50,000 without the prior written consent of the

RD 900 Board. The City shall submit monthly invoices to RD 900, which payment shall be made by RD 900 within thirty (30) days of receipt of invoice.

City shall not perform work outside of the Scope of Work without written authorization from RD 900's Board of Trustees. Any extra work so authorized shall be considered to be within the Scope of Work and subject to hourly rate described in this Section.

4. **Term of Agreement.** The term of this Agreement shall be from the Effective Date listed above, for six (6) months. With mutual written consent of both parties, this Agreement may be extended for up to one (1) additional term of six (6) months.
5. **Termination.** This Agreement may be terminated by either party on written notice at any time. Such notice shall be effective on such date as specified in the written notice and may be effective immediately. The City shall be entitled to full payment for work performed through the effective date of termination and reimbursement for any costs incurred through that date. Payment of such amounts shall be made in full within thirty (30) days of the effective date of the termination.
6. **Indemnification.** Each party agrees to indemnify defend, and hold harmless the other party, its officers, agents, directors, officials, and employees from any and all claims for injuries to persons and/or damage to property which arise out of the terms and conditions of this Agreement, and which result from the negligent acts or omissions, or intentional misconduct of the party, its officers, agents, directors, officials, and employees.

To the extent that each party agrees to indemnify, defend, and hold harmless the other party, its officers, agents, directors, officials, and employees under this Agreement, said obligations shall continue to exist during this Agreement and subsequent to this Agreement for those acts or omissions giving rise to liability which occurred during this Agreement.

7. **Insurance.** Each agency, at its sole cost and expense, shall carry insurance, or self-insure, its activities in connection with this Agreement, and obtain, keep in force, and maintain insurance or equivalent programs of self-insurance, for general liability, workers' compensation, property (apparatus and equipment), and business automobile liability adequate to cover its potential liabilities under this Agreement. Each agency is responsible for its own self-insured retentions and deductibles.

Each agency and its officers, agents, directors, officials, and employees must be endorsed as an additional insured for liability arising out of ongoing operations by or on behalf of the other party. The insurance provided to each agency and its officers, agents, and employees as an additional insured must be primary and non-contributory with respect to any insurance or self-insurance program maintained by the other agency. Each agency shall provide proof of insurance to the other parties annually.

A requesting agency shall not be responsible for obtaining workers' compensation insurance for another agency's personnel, and shall therefore not be subject to civil, criminal or other penalties for failure to maintain workers' compensation coverage in the event of injury or illness to another party's employee suffered in the course of providing services under this Agreement.

Each agency agrees to provide thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverages. Failure to maintain insurance as required in this Agreement is a material breach of contract and may be grounds for immediate termination of this Agreement.

8. **General Provisions.**

A. **No Joint Venture.** This Agreement does not create a joint venture, partnership, or any other legal relationship of association among the Parties. Each Party is an independent legal entity and is not acting as an agent of the other Party in any respect.

B. **Employment Matters.** Neither City nor any of its employees performing services under this Agreement shall be deemed to be an employee of RD 900. All City employees shall remain solely employees of City at all times and subject to their employment terms and conditions with City. City shall have sole authority to hire, fire, promote, or alter the terms of employment of any employee providing Services to RD 900 under this Agreement. No City employee shall be eligible to participate in any of RD 900's employee benefit plans, fringe benefit programs, group insurance arrangements or similar programs. RD 900 shall not provide workers' compensation, disability insurance, Social Security, or unemployment compensation coverage or any other statutory benefits to City employees providing services under this Agreement to RD 900. City agrees that it is solely responsible for reporting, withholding and paying income, Social Security, Medicare and other employment taxes due to the proper taxing authorities with respect to its employees.

C. **Headings.** The heading titles for each paragraph of this Agreement are included only as a guide to the contents and are not to be considered as controlling, enlarging, or restricting the interpretation of this Agreement.

D. **Breach.** In the event of a breach by either Party, this Agreement shall be subject to termination as described in Section 5, above. On such Termination, the City shall be entitled to compensation for work completed according to the provisions of Section 5, above.

E. **Severability.** If any term of this Agreement (including any phrase, provision, covenant, or condition) is held by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in full force and effect; provided, however, this paragraph shall not be applied to the extent that it would result in a frustration of the parties' intent under this Agreement.

F. Governing Law, Jurisdiction, and Venue. The interpretation, validity, and enforcement of this Agreement shall be governed and interpreted in accordance with the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of Yolo.

G. Assignment and Delegation. This Agreement, and any portion thereof, shall not be assigned or transferred, nor shall any of the City's duties be delegated without the written consent of RD 900. Any attempt to assign or delegate this Agreement without the written consent of RD 900 shall be void and of no force or effect. A consent by RD 900 to one assignment shall not be deemed to be a consent to any subsequent assignment.

H. Modifications. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both parties.

I. Waivers. Waiver of a breach under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

J. Time. Time is of the essence in carrying out the duties hereunder.

K. Entire Agreement. This Agreement, including all documents incorporated herein by reference, comprises the entire integrated understanding between the parties concerning the services described herein. This Agreement supersedes all prior negotiations, agreements, and understandings regarding this matter, whether written or oral. The documents incorporated by reference into this Agreement are complementary; what is called for in one is binding as if called for in all.

L. Each Party's Role in Drafting this Agreement. Each party to this Agreement has had an opportunity to review this Agreement, confer with legal counsel regarding the meaning of this Agreement, and negotiate revisions to this Agreement. Accordingly, neither party shall rely upon Civil Code section 1654 in order to interpret any uncertainty in the meaning of this Agreement.

M. Signatures. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the City and RD 900.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF WEST SACRAMENTO,
a municipal corporation

RECLAMATION DISTRICT 900,
a California Reclamation District

Aaron Laurel, City Manager

Martha Guerrero, Board President

Signature

Signature

Dated

Dated

ATTEST:

ATTEST:

Yashin Abbas, City Clerk

Dated

Dated

Approved as to Form:

Approved as to Form:

Jeffrey Mitchell, City Attorney

Ralph Nevis, General Counsel

Dated

Dated

EXHIBIT A

Scope of Work

The General Manager is responsible for planning, organizing, and administering all District functions and activities.

The General Manager is responsible for the installation, operation, maintenance, inspection, and repair of the District's levees and drainage facilities.

The General Manager reports to the District Board of Trustees regarding District operations and all aspects of District business.

The General Manager is responsible for ensuring that the District complies with all legal, regulatory, and contractual duties.

The General Manager is responsible for handling all District income and expenses and ensuring proper recordkeeping and accounting.

The General Manager supervises all District employees, including all aspects of human resources administration, for office and field staff.

The General Manager coordinates maintenance and construction projects on an as needed basis relating to District levee and drainage facilities, including coordination with contractors, design engineers, project managers, environmental compliance professionals, and other interested stakeholders and funding sources.

The General Manager is responsible for monthly meetings of the Board of Trustees, including compliance with the Brown Act, with respect to District business as necessary to carry out District functions and activities.

The General Manager represents the District as the point of contact for private and governmental entities related to District functions and activities, including representing the District as a member of California Central Valley Flood Association Board. The General Manager serves as the District's liaison to the West Sacramento Area Flood Control Agency.

The General Manager carries out other duties as assigned, typically at the direction of the Board of Trustees.