

**MINUTES OF THE REGULAR MEETING OF THE
FLORIN RESOURCE CONSERVATION DISTRICT
BOARD OF DIRECTORS**

Tuesday, October 20, 2020

The regular meeting of the Florin Resource Conservation District Board of Directors was called to order at 6:30 p.m. by Tom Nelson, Chair via Zoom.

Call to Order, Roll Call, and Pledge of Allegiance.

Directors Present: Tom Nelson, Bob Gray, Lisa Medina, Elliot Mulberg, Sophia Scherman
Directors Absent: None
Staff Present: Mark Madison, General Manager; Bruce Kamilos, Assistant General Manager; Patrick Lee, Finance Manager/Treasurer; Stefani Phillips, Board Secretary; Donella Murillo, Finance Supervisor; Travis Franklin, Program Manager; Amber Kavert, Administrative Assistant II (Confidential)
Staff Absent: None
Associate Directors Present: Paul Lindsay
Associate Directors Absent: None
General Counsel Present: Ren Nosky, JRG Attorneys at Law
Consultant Present: Mitesh Desai, Badawi and Associates

Public Comment

Nothing to report.

1. Proclamations and Announcements

Nothing to report.

2. Consent Calendar

- a. Minutes of Regular Board Meeting of September 15, 2020
- b. Warrants Paid – September, 2020
- c. Board and Employee Expense/Reimbursements – September, 2020
- d. Active Accounts – September, 2020
- e. Bond Covenant Status for FY 2020-21 – September, 2020
- f. Revenues and Expenses – Actual vs Budget FY 2020-21 – September, 2020
- g. Cash Accounts – September, 2020
- h. Consultants Expenses – September, 2020
- i. Major Capital Improvement Projects – September, 2020

MSC (Medina/Scherman) to approve Florin Resource Conservation District Consent Calendar items a-i with amendments. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

3. Fiscal Year 2019-20 Comprehensive Annual Financial Report

Finance Manager Patrick Lee presented the item to the Florin Resource Conservation District (FRCD) Board of Directors (Board) before introducing Mitesh Desai, Badawi and Associates to present a PowerPoint on the audit findings.

Mr. Desai presented the findings. Notably, he informed the Board the one (1) deficiency found was the reconciliation of Account Receivable. He mentioned that staff is aware of it and is taking measures to address the issue.

Mr. Lee mentioned that management has put in place new policies and procedures to reconcile accounts receivables on a monthly basis, which should help identify any variances or anomalies.

Vice Chair Bob Gray requested that the Accounts Receivable figure be added on the monthly reports. Staff will work on finding the appropriate Consent Calendar report to add the figure to.

Director Elliot Mulberg requested that the Board review the reserve allocations in the future. General Manager Mark Madison mentioned this would be a good discussion during the upcoming budget season.

MSC (Scherman/Medina) to accept the Fiscal Year 2019-20 Comprehensive Annual Financial Report.5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

4. Engineering Report and Technical Memorandum on Effects of Groundwater Recharge

Assistant General Manager Bruce Kamilos presented the item to the Board.

In summary, engineering consultant Woodard & Curran conducted an analysis to determine the impact that a groundwater recharge project would have on groundwater elevations in the Elk Grove Water District (EGWD) service area. The results of the analysis, contained in the Engineering Report and Technical Memorandum, showed a minor improvement in groundwater elevations ranging from 3 feet to 7 feet in the EGWD service area. The Sacramento Central Groundwater Authority (SCGA) is currently developing a Groundwater Sustainability Plan (GSP). The GSP will provide direction on how the groundwater basin can best be managed.

The Board discusses the topic and agreed to table the idea for the time being, but to continue looking into it.

MSC (Scherman/Medina) to accept and file the Engineering Report and Technical Memorandum on the Effects of Groundwater Recharge 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

MSC (Mulberg/Scherman) to direct staff to wait until a Groundwater Sustainability Plan is completed before taking any further actions on a groundwater recharge project.5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

5. Elk Grove Water District Operations Report – September 2020

General Manager Mark Madison presented the Elk Grove water District (EGWD) Operations Report – September 2020 to the Board.

6. Draft Florin Resource Conservation District Municipal Service Review and Sphere of Influence Update

Mr. Madison presented the item to the Board.

In summary, Mr. Madison was contacted by Don Lockhart, Executive Officer of Sacramento Local Agency Formation Commission (Sac LAFCo), who requested the FRCD prepare an updated Municipal Service Review/Sphere of Influence (MSR/SOI) in light of the changes brought about by Resolution No. 04.18.18.01. The updated MSR/SOI includes detailed information about the FRCD and EGWD, collectively the District, including history, general information, management and staffing structure, and business practices. The remainder of the update is structured primarily to reflect the determinations Sac LAFCo must make for the following seven (7) elements: 1. Growth and population projections for the affected area, 2. The location and characteristics of any disadvantaged unincorporated communities (DUC) within or contiguous to the sphere of influence, 3. Present and planned capacity of public facilities and adequacy of public services including infrastructure needs or deficiencies, 4. Financial ability of agencies to provide services, 5. Status of and opportunities for shared facilities, 6. Accountability for community service needs, including government structure and operational efficiencies, and 7. Any other matters related to effective or efficient service delivery, as required by commission policy.

It should be noted that although this draft MSR/SOI update has been prepared by staff, Sac LAFCo will be the formal author and will ultimately act to either approve or not approve the document.

Director Sophia Scherman suggested that Director Mulberg attend the Sac LAFCo board meeting with Mr. Madison when the MSR/SOI is presented for adoption.

Mr. Madison and the Board thanked Director Mulberg for his guidance with the MSR/SOI and staff for their team effort in gathering the information for the MSR/SOI and compilation of the report.

MSC (Medina/Nelson) to endorse the proposed Draft Florin Resource Conservation District Municipal Service Review and Sphere of Influence Update and authorize the General Manager to submit it to the Sacramento Local Area Formation Commission for consideration. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

7. Disposal of Surplus Property (APN 125-0210-013)

Mr. Kamilos presented the item to the Board.

In summary, FRCD owns a small piece of real property, assessor's parcel number (APN) 125-0210-013, in the Old Town area of Elk Grove, California. This property is not being used by the FRCD and no longer meets the need of daily, emergency, and/or future operations of the FRCD or EGWD and may be sold to a private third party if declared as surplus property and no qualified local agencies desire to purchase the property for the purpose of developing affordable housing.

Director Mulberg asked where the funds will go once the property is sold. Mr. Kamilos mentioned the funds will go to the EGWD.

MSC (Medina/Scherman) to adopt Resolution No. 10.20.20.01, declaring that the real property of assessor's parcel number 125-0210-013 is surplus and is subject to the statutory notice and offer procedures of the Surplus Land Act, and as prescribed in the Florin Resource Conservation District's Disposal of Surplus Property Policy. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

8. Elk Grove Water District Fiscal Year 2020-21 Quarterly Budget Status Report

Mr. Lee presented the item to the Board.

In summary, the revenues collected through the first quarter of the fiscal year total \$5,025,730, which is 32.58% of the \$15,424,142 annual budget. The revenues are \$85,947 or 1.74% above the same quarter of the prior year.

9. Elk Grove Water District Fiscal Year 2020-21 Quarterly Capital Reserve Status Report

Mr. Lee presented the item to the Board.

In summary, the total amount total unrestricted net position that is available to be allocated to reserves at July 1, 2020 was \$18,314,558. On June 16, 2020, the Florin Resource Conservation District (District) Board of Directors (Board) adopted the District's Reserve and Capital Investments Policy (Policy), establishing the funding levels for each of the District's respective reserve funds. Per the Policy, the District's unrestricted net position is allocated first to the Operating Reserve (120 days of budgeted operating and maintenance expenses), then to the Fiscal Year (FY) 2020-21 capital budget, followed by elections/special studies, with the balance allocated to future capital improvements and future capital replacements in the ratio of 75:25, respectively Through the first quarter of FY 2020-21, the District expended \$159,6650 for capital projects leaving a remaining total reserve balance at September 30, 2020 of \$18,154,908. Total amount expended of \$159,650 includes \$20,114 of expenditures related to projects carrying over from prior year but not budgeted for in the FY 2020-21 Capital Improvement Program (CIP).

10. Unclaimed Check Policy

Ms. Murillo presented the Unclaimed Check Policy to the Board.

In summary, as of June 30, 2020, the District holds a total of 212 checks, totaling \$17,669.76, that have been unclaimed for a period of three (3) or more years. These outstanding checks create a reconciling difference between the District's cash balance in the general ledger and the cash balance per the District's operating bank. It is the intention of the District that cash balances be properly accounted for and recorded in the general ledger. Staff developed a proposed policy setting forth the requirements of CA Gov Code §50050-50055 that will provide the Finance Department with procedural guidelines for handling unclaimed checks.

MSC (Scherman/Medina) to adopt Resolution No. 10.20.20.02, establishing the Unclaimed Checks Policy. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

11. Outside Agency Meetings Report

Staff and Board members spoke regarding the meetings they attended since the last regular Board meeting.

12. Legislative Update and Potential Direction to Staff

Mr. Franklin provided a legislative update to the Board.

13. Closing of Escrow – Elk Grove Masonic Lodge #173 Temple Association Property APN #134-0110-123 and Florin Resource Conservation District Property APN #127-0170-005

Mr. Madison presented the item to the Board.

In summary, on June 24, 2020, the FRCD entered into an escrow account to purchase APN #134-0110-123 from the Elk Grove Masonic Lodge #173 Temple Association (Masons). In exchange, the Masons would purchase APN #134-0110-123 from FRCD. FRCD would pay \$1,850,000 to purchase the Masons' property. The FRCD's purchase also includes a clause to leaseback to the Masons, on a full-service basis, the purchased property for a period up to nine (9) months at \$5,555 per month. The Masons would pay \$900,000 to purchase the FRCD property. The Masons' purchase includes a clause to leaseback to the FRCD, on a full-service basis, the administration building on the property for a period up to July 30, 2022 at \$6,000 per month. Because the Masons' purchase of the FRCD property will require a longer timeline to close escrow, FRCD and the Masons have agreed to stagger the closings of the two (2) properties. Therefore, staff recommended that the Board authorize the General Manager to execute any and all documents necessary to effectuate the closings of escrow of the two (2) previously mentioned properties on timeframes independent of one (1) another.

MSC (Scherman/Medina) to adopt Resolution No. 10.20.20.03, authorizing the General Manager to execute any and all documents necessary to effectuate closing on the District's acquisition of APN #134-0110-123 and the District's sale of APN #127-0170-005. 5/0: Ayes: Gray, Medina, Mulberg, Nelson and Scherman.

14. Directors Comments

Adjourn to Regular Board Meeting on November 17, 2020.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Board Secretary

AK/SP