

Del Rey Community Services District

**Minutes of the
Board of Directors
Regular Board Meeting
May 20, 2021
7:00p.m.**

Vice President Nunez called the Regular Board Meeting to Order at 7:23p.m.

Directors present: Stephanie Garza, Joaquin Nunez, Rumaldo Reyna, Daniel Ramirez, Rolando Sanchez
Directors absent: N/A

A2 LC Chaffin leads in the Pledge of Allegiance.

A3 **Approval of Agenda:** Nunez asks for motion to approve the agenda; Ramirez made a motion to approve. Garza second. All in favor: three ayes- Garza, Nunez, Ramirez; two nays- Reyna, Sanchez.
Discussion. Reyna disapproves agenda in regards to the missing minutes. LC Chaffin explains he cannot reject agenda for items not listed on the agenda. Approval of agenda is for agenda items listed; if minutes are not listed, they cannot legally be added under the Brown Act.

**B. Public Comment (limit of three minutes):
None Scheduled.**

Unscheduled – Open to the public for discussion.

Alfonso Manrique, AM Consulting Engineers- Update on planning and funding application submitted on behalf of District last year. Working with State Board and hoped to be approved by 2nd quarter, but looks like it will be moved to and approved in 3rd/4th quarter.

C. CONSENT CALENDAR:

C1 Approve payments for vendors for West America Bank – April 2021, a Total Amount of \$97,653.84. Garza made a motion to approve payments for vendors for West America Bank for April and May 2021. Ramirez second the motion. All in favor: four ayes- Sanchez, Ramirez, Nunez, Garza. All abstain: one- Reyna. Motion passed.

C2 Approve payments for vendors for West America Bank – May 14, 2021, a Total Amount of \$38,096.54. Garza made a motion to approve payments for vendors for West America Bank for April and May 2021. Ramirez second the motion. All in favor: four ayes- Sanchez, Ramirez, Nunez, Garza. All abstain: one- Reyna. Motion passed.

D. PUBLIC HEARINGS (DISCUSSION AND ACTION ITEMS):

D1 Public Hearing Under Proposition 218 to Consider Protests to Proposed Increases to Water and Solid Waste (Refuse/Trash) Charges Effective Fiscal Years 2021/2022 through 2026/2027.
LC Chaffin states district went through prop 218 study- district not making up and dividing its water and trash to fully recover its cost. Also, issues with POM metering and amounts for certain commercial charges addressed. Board authorized process to start- staff did as directed, notices and ballots sent out. LC Chaffin discusses the rate study purpose, action, and details. Discussion. DM Arias reports final number of ballots- 180 protest (out of 317, which is more than halfway toward total threshold), 0 received during public protest. LC Chaffin states majority protest: rates cannot be adjusted, current rate stays in place; board can discuss the item, but it cannot take action. Reyna asked cost of rate study and states he didn't approve rate study. Discussion.

D2. Resolution and authorization letter for Special Assessment/ Special Taxes packet. DM Arias states this is an annual assessment of taxes on street lighting and formality of resolution and authorization letter. Discussion. DM Arias states there are 317 lots and the assessment is \$20/year and will remain the same. Director Reyna made a motion to approve. Director Ramirez second the motion. All in favor: five ayes- Sanchez, Ramirez, Reyna, Nunez, Garza. Motion Passed.

D3. Adoption of a Resolution Amending the Professional Service Agreement with Aleshire & Wynder (District Counsel) to Adjust Rates for Inflation, etc. LC Chaffin states Aleshire & Wynder delayed rate adjustment, due to COVID, to ensure there were enough assets in the district in case of any issues, but now they are losing money while working with district due to the cost of inflation. Proposing to adjust rates (proposed rate \$195, current rate \$165), which will be the lowest rates in firm, and still below inflation. Agreement, rate schedules, and resolution presented. Ramirez made a motion to approve resolution.

Garza second motion. All in favor: four ayes- Garza, Nunez, Ramirez, Sanchez. All abstained: one- Reyna. Motion passed.

D4. Direction Regarding Interference with Day to Day Operations of District Management Affairs by Board Member(s). DM Arias states that he added this item on the agenda to go over the roles and direction of individual board members versus actual direction of the board as a whole. DM Arias states his performance is being affected by micromanagement. If any complaints or direction should be advised, it should come from the board as a whole, not individually by members. Discussion. Reyna would like to discuss in closed session. Sanchez states decisions need to be made as a board to direct District Manager and requests openness from DM to work as a team. Discussion. Ramirez states recommendations and advice should be added to the agenda to discuss and vote as a board to direct the DM. Discussion. No action or motion taken.

D5. Board Members Code of Conduct. Director Ramirez states he brought this item to the board to discuss the board members code of conduct on the board and in the district. In accordance to the by-laws, specifically, in summary, a member of the board of directors should not be an employee of the district and unless approved by the board are prohibited from doing work and cannot give employees of district direction; only the board acting as a body shall give direction to the District Manager. Discussion. Ramirez states Reyna worked without permits or coverage of liability- concerned that District would be at fault for any injuries or faults. Director Ramirez states Reyna took \$5,000 but was only granted \$2,500, and states Reyna should have gone to the board to discuss procedure in accordance with expenditures and planning. Reyna states the board approved the \$1,000-\$1,500 for swings, lights, sensors, etc., and that he got the approval of DM to visit plant with Jim's assistance for the playground set donation. Discussion. Reyna requested minutes to prove approval of the board for actions taken and money spent. Discussion. Director Sanchez requests closed session to discuss rules and standard of the board to get on the same page. Discussion.

D6. Reducing the District Manager's Spending Authority to \$500 or otherwise Adjusting Said Authority Amount. Reyna brings the item to agenda to discuss concern of district spending and limit of \$2,500 and wants to contain it. DM Arias would like specifications on claimed over expenditures in order to explain. Reyna reviews credit card statements. Discussion. DM Arias requests board members to come in with any questions in regards to expenditures and statements- specific questions for specific answers. Discussion. Garza asks for specification on whether limit caps store purchases or overall bills of the district. DM Arias requests the same specification. Discussion. CPA Dictos reviews April statement posted up to April 30, 2021 and explains profit details of \$345,000 combined income. CPA Dictos also states the situation of the district, for the time being, is not losing money. Discussion. District Engineer Reitz directed to CPA Dictos to track monthly expenses to see how district is doing versus budget. Motion to table item D-6 to following meeting. Board members request proof of misspending from District Manager. Consensus to table item to the following meeting.

D7. Direction to District Manager to Ensure that District Funds Are For the Hall Rental Account. Reyna brought this item to the board with concerns that only the DM Arias has access to a specific account. Reyna claims DM Arias should not have an account with sole access to it. Reyna wants to add board members to the account. Discussion. LC Chaffin advises adding two board members be added to account as precaution in case of District Manager absence. Reitz recalls the reason of only having DM Arias on account was for returning deposits for hall rental, as a means of good public relations to community to get deposits back in a timely manner. He states, if changed, it may cause issues and would not be setting precedent by doing only one account. Elyssa Melkonian, former Office Staff, states there were issues getting board members' signatures on return deposit check, and renters were getting upset with delay of returned checks, so the public brought it to the board. Melkonian also states the board at the time agreed that in order to return checks in a timely manner, they decided to have DM Arias responsible to sign checks, since the account directed for hall deposits only has \$200-\$500 at a time. There was no cause for concern since the money deposited in was quickly refunded back out (money in and out as long as hall renters meet requirements to refund deposit). The bank requires minutes of meeting and authorization signed by board members. Agrees board is in right to reconsider and rediscuss, as it is their responsibility to review items and concerns. Disappointed in board accusations and allowance in accusatory statements. Issues concerns an recommends improvement in board members conduct toward employees. Reyna questions state of districts budget (if in the red?). Dictos states not in negative, net cash basis over \$300,000. Discussion. Veronica Ramirez states upset with the way Reyna conducts himself and desires to issue recall of Director Reyna. Reyna states adding a board member would act as a safeguard. Reyna made a motion to approve adding board member on the account. Discussion. Sanchez second motion to approve. Interjection to clarify motion. LC Chaffin states the motion is to add all board members to account, and it requires any one board member must sign along with District Manager before withdrawing money from account. Discussion. All in favor: two ayes- Sanchez, Reyna. Two nays- Ramirez, Nunez. All abstain- Garza. No Approval.

D8. Direction and authorization for District Manager to enter into a contract with Sequoia Pumping for use of wastewater services. DM Arias brings this proposition to the board to create a contract and maintain solid revenue with Sequoia Pumping. DM Arias states the initial use of wastewater services was considered to be temporary, but with continued services would benefit from entering a contract to maintain long-term revenue. Discussion. DM Arias claims the district could suffer from losing Sequoia Pumping if not secured in a contract, as they bring in a considerable amount of revenue. Reyna raises issues with violations. Discussion. LC Chaffin states the focus of the item is to enter into a contract, not to discuss violations. Garza made a motion to move item D-8 to June 17, 2021 Regular Board Meeting to go over details. LC Chaffin clarified to check status update of wastewater treatment plant facilities. DM will invite California Water Services to provide update. Garza questions what to do to improve “violations”. LC Chaffin advises not to characterize possible concerns as “violations” and to use discretion of verbal characterizations, such as “violations” until or unless proven to be so. LC Chaffin states there is a consensus to continue this item to the next meeting along with a status update as to the wastewater treatment facilities from California Water Services, if available.

E. DIRECTOR COMMUNICATIONS / AGENDA ITEMS:

Director Reyna discussed the Beltran family having six trash cans, but only need three, so would like to acknowledge and take care of the issue. President Garza questioned if board members have access to the statements from the account mentioned in item D7. It was clarified that statements are available to board members at the district office whenever and if ever they needed to see them, or if they have any questions in regards to the account, but board members do not have direct access to the account at the bank. Discussion. Ramirez requested another trash can at a location near Chico Ave to avoid mess and trash pileup; DM Arias stated it will be managed. Nunez addressed public concern of willow tree blocking visibility of traffic on intersection of Chico and Del Rey Ave on the left-hand side, which causes danger for possible accidents. DM Arias will verify if the tree is on district property, or if it is an issue for the county to address. Garza commented on the beauty of the murals downtown.

F. DISTRICT ADMINISTRATOR REPORTS:

F-1 Report of District Engineer (Report by AECOM).

Mark Reitz reported on wells 4 and 5 rehab and new pumps expected to be delivered and installed within the next 30 days, and in hoped to both be operational by the end of June. New pump installed in well 5 and to produce about 700 gallons per minute at about 65 psi. A new pump will also be installed in well 4 once test pumping is complete and a design flow rate is determined. As mentioned before, there was a screen and foot valve stuck in well 4 had to boar through it with special bit and there was a change order. They boar up a 8.5 inch diameter hole through it, but the object is still there and a problem, cleaned out bottom of the well this week. setting up test pump to test and redevelop well 4, which is the same done on well 5. Meantime relying on well 6 and 7. Hopes the weather remains cool to where other two pumps can get back up and operational. As far as TCP State funding, waited to receive letter from the State justifying district not eligible for grant, loan only due to settlement received. Looked at summary of water 2018/19 by commercial/industrial- disadvantaged town, but have \$9million dollars, so raise rates on commercial/industrial. reevaluated prepared transmitting water rates in terms of commercial usage- Wrote letter that points out raised rates for POM Wonderful. POM Wonderful uses about 37% of all water in Del Rey. Rates would be raised tremendously for one customer, which is not advisable. Advises to send out letter to State before the State makes decision. Gives board an opportunity to change decision on rates. Recommends Manrique with experience on another town requesting a grant after receiving settlement money. Discussion. Reyna questions when residents can consume drinkable water. Reitz recommends contacting State Senator Hurtado from Sanger to advocate for District in Sacramento to get approval of funding to take care of the issues. Mark Reitz declares AECOM retirement as District Engineer. Recommends Alfonso Manrique as optional District Engineer. States he will aide in transition of new District Engineer.

F-2 Report of District Manager (Report by Carlos Arias).
District Manager Arias did not report.

F-3 Report of District Counsel (Report by Shannon Chaffin).
LC Chaffin states that he has nothing to report.

F-4 Report of District Accountant (Report by Paul Dictos).
Paul Dictos states the accountant report was mentioned throughout the course of the discussion of the items.
Nothing else to report.

G. PUBLIC COMMENTS:

Public member Elyssa Melkonian suggested it would have been a nice gesture of the board to ask DM Arias his input on pushing his request for a closed session to the following meeting.

H. CLOSED SESSION:

Consensus to table item until next meeting.

J. ADJOURNMENT:

With no further business the meeting was adjourned at 10:03p.m.

Respectfully Submitted,

Eileen Hernandez

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Del Rey Community Services District