

Audit/Budget

Has a 3rd party / independent audit been done on CSA finances? If so, when? I'm not speaking of the County Auditors Office, but a 3rd party. When was the last County audit done?

The County satisfies any legally required audit through the audit of the County Comprehensive Annual Financial Report, consistent with GASB 14, as amended by GASB Statement No. 39. I'd also note that Yolo County's practice of including its CSAs' finances in the audited CAFR is similar to other counties that use CSAs to deliver services to the unincorporated communities. Below is a sampling:

- Butte County:
https://www.buttecounty.net/Portals/4/Financial_Reports/2019ButteCAFR.pdf
- Monterey County:
<https://www.co.monterey.ca.us/home/showpublisheddocument?id=85244>
- Riverside County:
https://www.auditorcontroller.org/Portals/0/Documents/publications/FinancialPub/cafr/CAFR_2020/FY20_CAFR_Final.pdf?ver=2021-01-12-124525-347
- San Benito County: http://sbcvote.us/pdf/forms/auditor/CAFR/CAFR_FY.6.30.19.pdf
- San Diego County:
https://www.sandiegocounty.gov/content/dam/sdc/auditor/annual_report20/pdf/cafr1920.pdf
- San Joaquin County:
<https://www.sjgov.org/uploadedfiles/sjc/departments/auditor/services/2019%20county%20of%20san%20joaquin%20cafr%20final.pdf>
- Shasta County: https://www.co.shasta.ca.us/docs/libraries/auditor-controller-docs/audit-financial/2019-shasta-county-cafr---final.pdf?sfvrsn=3028fe89_6

No further 3rd party audits have been conducted on CSA Funds.

Has the County done a 3 year budget forecast for the CSA for water, sewer, & golf?

No, Yolo County only budgets one year in advance. So the only year we have a budget planned is for fiscal year 2021-2022.

Does the County anticipate raising rates above CPI over the next 18 months to cover sewer and golf course financial shortfalls?

Not at this time.

2018 Prop 218

Has the County done an accounting of the 2018, Prop 218 ballot initiative? In the initiative I recall it stated that \$450K would be borrowed from Reserves, yet the spend you gave me early in the year (or maybe last year) was \$1.4M. Will the loan be paid back in the time frame described in the Prop 218 initiative?

The amount of 450k is only the loan. The total cost of repairs was \$1.4. The fund balance when the sewer need rehabilitation was \$582,346. Since repairs were conducted over two years, the operating fund afforded the difference between the reserve balance of \$582,346 and the loan balance of \$450,000. Yes the loan is on track for being paid off on the Prop 218 ballot.

Would like to see a detailed accounting for 2018 - Prop 218

Reserve expenditures v. \$1.4M additional expense do not seem to add up

Had \$455,450 in Sewer Reserves in FY 2016 (prior to WWTP failure)

I am working on a separate form that will hopefully better explain this accounting.

The CPI for 2020 is @ 2.9%. Why do we take only February and not take the 12 month composite as most other users?

The CPI utilized is consistent with 2018 Notice, which provides that the CPI is the "Consumer Price Index (CPI-W and CPI-U) for the San Francisco-Oakland-San Jose, CA area for the most recent February to February as compiled by the Bureau of Labor Statistics."

http://yoloagenda.yolocounty.org:8085/docs/2018/BOS/20180626_1904/7312_Public%20Notice%2005-10-18.pdf

Reserve Balances

Has a Reserve Study been done on the Sewer and Golf Course? I'm not speaking of the Engineer's Study, but a Reserve Study that tells us how much we should currently have in Reserves?

Yes. There is a reserve study close to being finalized for Water, Sewer and Golf. It will be presented to the CSA Advisory Committee on 8/4. I am more than happy to ask that it be added to the CSD FAC committee as well, once the study is final.

Can we transfer \$ from Water Reserves to Sewer or Golf Reserves?

Per Prop 218, funds collected for water can only be used for water costs of service, sewer funds can only be used for sewer costs of service, and Measure O funds must be utilized to support golf functions. Generally, inter-fund loans may be permissible, but this typically requires a loan agreement with interest.

What do you project to be the Sewer Reserves for YE FY 2021 & FY 2022?

FY 2021 the reserve balance will be \$200,738. The FY 2022 reserve contribution will be determined by the reserve study, so it has yet to be adopted by the CSA board.

What do you project to be the Golf Reserves for YE FY 2021 & FY 2022?

FY 2021 \$0 for the reserve balance, this is due to not having a reserve study completed for golf. FY 2022 will be dependent on the adoption of the reserve study.

Why doesn't Arsenic show in fund balances?

It shows as a separate line item in the reserves under water.

Who is reviewing the Reserve Study? Will public comment be allowed before acceptance?

The Reserve Study will be presented to the CSA Advisory Committee at the 8/4/21 meeting. It will be included in the Advisory Committee Meeting package, for review prior to the meeting. Public comment will be allowed during the meeting.

What is the asset value of Sewer Infrastructure, Water Infrastructure, & Golf Infrastructure (each)?

This will be explained in the Reserve Study, which has not yet been completed but is expected to be complete and posted with the Advisory Committee's 8/4 agenda packet by 7/30/2021.

Kemper Golf/ Measure O

Please explain why Measure O - Golf doesn't show as a consolidated P&L?

Report shows Measure O Net (\$51,077) for FY 2020 & Net \$24,138 for Kemper Sports Account

In the County accounting system, funds collected from Measure O are accounted for separately than the revenue and expenses from Kemper. This is for proper accounting of the Measure O funds. We will work on preparing a consolidated Revenue/Expense form.

Does Golf actually have \$305,879 in Reserves? If so, why are we leasing equipment?

There is no reserve account set up for Golf at this time, as no reserve study has been adopted. There is \$305,879 (as of June 30, 2020) in the total fund balance. There is quite a bit of deferred maintenance that needs to be addressed at the golf course, and the irrigation system is showing signs of wear and will need to be replaced in the coming few years.

County Vendors/Contracts

Who determines if Cascade Engineering plans are best suited to meeting the needs of the CSA? Do they have carte blanche?

Cascade Engineering works with Luhdorf and Scalamini on water and wastewater concerns. Then the plans are presented to the County. The County presents the plans to the CSA Advisory Committee. Once approved, all contracts and agreements go through the County Procurement Policy.

Is Cascade Engineering the de facto manager of the CSA?

No.

Have any contracts been approved since May 6? Per the litigation agreement, the CSD Advisory Committee is supposed to have the opportunity to review all contracts before submittal to the Board of Supervisors.

The Board agendas are available on the County's website at <https://www.yolocounty.org/government/board-of-supervisors/board-meetings/board-of-supervisors-meeting-agendas-minutes>. The only contract approved by the Board of Supervisors since May 6, 2021 concerning Wild Wings was approved on June 8, 2021 (Pintail well pipe). One other contract was awarded for work on the Canvasback well for a pump replace, that went through the County's procurement policy. This was presented to the CSD Advisory Committee at the 7/6/21 meeting. Future contracts will be taken before the CSD Advisory Committee.

Does SUSP have a Performance Bond to cover potential damages?

No, Performance bonds are required on specific construction projects. For the type of contract this is under, it requires a insurance coverage minimum for the different types of insurance. (workers comp, automobile, comprehensive general liability and professional liability). I have attached the minimums to this email as Exhibit A. We are named on SUSP's insurance. After discussion with you on Friday July 2, 2021 I reached out to purchasing about the gap. I am awaiting a response.

Did National O&M have a Performance Bond to cover potential damages?

Same as above. We were also named on National's insurance

What special qualifications did Cascade Engineering, as a Civil Engineer, possess to be hired as consultant to the CSA?

Cascade Engineering was volunteering their services in assisting with water and waste water operations. The CSA Advisory committee requested to the County that they compensate her for her professional services. At that time, she was considering working for Ponticello. And the County was in contract with Ponticello. It was decided to move forward at the 12-2-2019 CSA Advisory Meeting to move forward with the contract. After that point, the County worked with Cascade Engineering to contract directly, as it would allow cost savings to the CSA by not adding the subcontractor fee from Ponticello.

When Lachi Richards sends out emails to the community regarding CSA activities, is she doing so as an individual or employee of the County?

Lachi sends out emails on behalf of herself, and the County. I have asked that she create a new email address as County to distinguish between county/resident. In matters of Next Door, since I do not have access to share information on Next Door since I do not live in the community, she posts with a disclaimer "On Behalf of the County"

Does the SUSP contract have 1 or 2 years remaining? My understanding was we have just started our 4th year, so we have another option year carrying us into 2023.

The initial term of the agreement was June 7, 2018, through June 6, 2021. The term can be extended for two additional one-year terms. The Board approved an extension on May 4th, 2021, for the first of the two possible extensions. We have the option of one further extension if the CSA Advisory Committee supports continued services.

Does Cascade Engineering have a subcontract with L&S as part of the arsenic remediation project?

No, any and all work Cascade Engineering conducts is charged directly to the County.

Who determined that Cascade Engineering should be a paid consultant to the County? Was there an open bid process? Cascade received an extension to their contract.

The contract with Cascade Engineering was discussed at a public meeting on 12-4-19. The advisory committee voted if they wanted Lachi as a sub-contractor to Ponticello. It was presented as an action item, and was a unanimous vote. Lachi was on the advisory committee at the time, and recused herself from that vote. After the approved action by the committee, CSA management recognized cost savings by contracting directly with Cascade Engineering, rather than paying Ponticello an additional overhead charge.

Who determined the need and was this an open bid?

Unfortunately, I was not involved in the CSA's at the time the initial need was determined. However, the professional Civil Engineering services need to be compensation for the work and assisting in depth with the water and sewer within the community. As far as the contract, no it was a sole-source contract, not an open bid.

Doesn't the County consider a contract with Cascade to be a conflict of interest, particularly because this isn't common knowledge?

At the time, it was determined there was a potential conflict of interests for Lachi to be a vendor and on the advisory committee. Due to this decision, she stepped down from her spot on the committee, and Georgia took her place. Once she was no longer on the advisory committee, the County entered into a contract with Cascade Engineering.

L&S received an increase to their arsenic contract in February? Based on what criteria and whose advise?

At the advisory committee meeting 12-4-2020, Task 3 to the arsenic project was presented following the submission of the Task 3 document in November. Pilot testing was the next step in the process. When the original contract was developed with L&S, the pilot testing was planned to be paid through the County. This would require the County entering a contract with each of the proposers to conduct on site testing. After further discussion with L&S, they offered to subcontract for pilot testing so the project could continue timelier. The amendment is for the oversight of the pilot testing and a pass through to the companies pilot testing.

Water/Waste Water and Reporting

Who determined the approach to addressing the current well situation?

Luhdorf and Scalimini conducted the engineering of pumps available in comparison to the installed pumps. They presented a recommendation to the County on how to get the most water out of the wells under the current circumstance, taking into consideration supply chain issues for pump and Bowle parts, the high demand of pump related services and rate of decline per day Wild Wings was utilizing. The County agreed to the suggested work and presented it to the CSA Advisory Committee chair. The CSA Advisory Chair agreed to the recommendations. The County worked with L&S to obtain quotes for work to complete the pump replacement and received a response from Kirby Pump, a non-reponse from Eaton Pumps, and one other pump company informed us that the soonest they would be able to conduct the pump replace would be in the fall.

Who is the engineer/contact at the Water Quality Control Board for the CSA?

Austin Peterson, P.E.
Water Resource Control Engineer
State Water Resources Control Board - Division of Drinking Water

Who is the engineer/contact at the Dept of Public Health for the CSA?

Department of Public Health merged with another department, State Water Board, Drinking Water Division. Which is Austin above. His Supervisor that I include on all messages is Ali Rezvani Also, when necessary, I include April Meneghetti the Director of Environmental Health at Yolo County, as well as Jiammin Huang who is the supervisor of the Public Water systems for Environmental Health.

Can you provide a copy of the Preventative Maintenance Inspection (PMI) for the Water & Sewage systems from SUSP?

These can be found on [Wild Wings CSA | Yolo County](#) the heading Monthly Operations Reports from SUSP. The preventative maintenance is on page 1 and listed as completed or upcoming.

Can you provide the 2020 and 2021 water balance reports from SUSP that show well (fresh water) deliveries v. usage areas (ponds, residences, etc) and unaccounted losses?

These can be found on [Wild Wings CSA | Yolo County](#) the heading Monthly Operations Reports from SUSP. These are also presented at each CSA meeting. If you need further years back, we have each report from when SUSP entered contract.

Can you provide the WWTP avg daily discharge volumes by month for 2020 and 2021?

These can be found on [Wild Wings CSA | Yolo County](#) under the heading of Waste Water Recycling Facility Reports. I can give you further reports, as we have kept all of the reports for a few years back as well.

Arsenic

How much have we collected for arsenic since the fund began? \$516K?

As of 6/30/2020, there was a reserve balance of \$685,418. This is all money collected for arsenic, less any expenses pertaining to arsenic.

How can we rationalize spending 5 years of arsenic funding on engineering studies when vendors previously offered to only charge for the pilot testing?

There isn't 5 years of arsenic funding spent on engineering studies, the funds are in the reserve account. I'm not sure what "pilot testing" you are referring to, but information and reports regarding the Arsenic Treatment Project, including Luhdorf and Scalmanini's proposal and Task Orders 1-3 are available on the County's website at: <https://www.yolocounty.org/government/general-government-departments/county-administrator/county-service-areas-csa/wild-wings-csa> under the heading "Arsenic Treatment Project Information." Task Order #3 specifically addresses vendor information and pilot testing costs.

The Nest

Justification for spending over \$100K for remodeling the Nest?

The CSA Advisory Committee requested the county to create a common area that can be used by residents for events and small social gatherings. We haven't spent over \$100,000. As of June 1, the costs of the Nest are \$70,781. I will receive an updated cost list after July 1. Every CSA advisory committee meeting, this has been presented to the committee. Originally, the plans were not to complete such an overhaul, however after having an inspector on site, the building had to be brought up to code before we could allow any further gatherings to commence.

Does the CSA get 100% of the rental income from the Nest or is it shared with Kemper or a 3rd party?

At this time, Kemper will manage the rental of this property, and the scheduling of events. No profits are shared with Kemper. We are contracted to pay a management fee, and all profits of the Nest, and golf functions are used as operating capital. The more profitable the services, the less draw on the Measure O funds.

Who determined that the \$100+K should be spent on the Nest, rather than reducing the annual fee residents pay?

The CSA Advisory committee recommended having a common area that could be used for small gatherings. It is not a choice of bringing the Nest to Code vs. reducing annual fees. There is significant deferred maintenance at course, and this is one of those items. Since we have had the opportunity of higher play due to Covid, the golf committee supported the deferred maintenance work. I have been looking into reducing the annual fee that residents pay, but after seeing the Reserve study, I opted that we build a reserve prior to reducing this funding source. So when larger projects need to be paid for, there will be reserves to draw from.

Insurance Premium

The insurance increase to \$130K supposedly related to the HOA lawsuit. Until now the County has been charging the CSA directly for legal. At the meeting you mentioned this \$130K expense would be for 8 years, that's over \$1M. The damage claim to the County is less than that. If the CSD formation is successful, the overall cost will be < \$200K for formation, so what is the justification for the insurance increase?

The increased insurance premiums are based on future expected costs, which in turn is based on the history of payments made by the joint risk pool (YCPARMIA), both to resolve claims and in defending lawsuits. YCPARMIA's attorney costs of litigating the HOA's lawsuit until the Second Amended Petition (when

County Counsel took over) were not paid by the Wild Wings CSA, but are now part of that payment history that determine the CSA's premiums going forward. It is possible that a newly-formed CSD would not have this history and have significantly lower insurance costs, though we do not know that for certain.