

REGULAR MEETING OF THE BOARD OF DIRECTORS  
DEL PASO MANOR WATER DISTRICT

January 7, 2019

7:30PM

1817 Maryal Drive, Suite 300, Sacramento

A G E N D A

The Board will discuss all items on its agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on its agenda, but will not act on those items unless action is urgent, and a resolution is passed by two-thirds (2/3) vote declaring the need for action arose after posting of the agenda.

This agenda has been prepared and posted in compliance with the provisions of the Ralph M. Brown Act, and specifically the provisions of Sections 54954.2 and 54954.3 of the Government Code. Board action may occur on any identified agenda item. Any member of the public may directly address the Board on any identified agenda item of interest, either before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker.

In compliance with the Americans with Disabilities Act, Del Paso Manor Water District encourages those with disabilities to participate fully in the public hearing process. If you have a special need in order to allow you to attend or participate in our public meeting and public hearing processes, including receiving notices, agendas, and other writings in appropriate alternative formats, please contact our office at (916) 487-0419 at least 24 hours in advance of the public meeting or hearing you wish to attend so that we may make every reasonable effort to accommodate you.

1. Call to order and roll call
2. Pledge of Allegiance
3. Election of Board Officers for President and Vice President.
4. Public Comment: The Public may address the Board on any items not on the agenda which are within the jurisdiction of the Del Paso Manor Water District Board of Directors. Comments shall be limited to three(3)minutes.
5. Consent Calendar: Consent Calendar items are expected to be routine and non-controversial, to be acted on by the Board in one motion. Should any Board member, staff member, or interested person request discussion on an item, the Board will consider the item separate from the Consent Calendar.
  - 5.1 Minutes - December 3, 2018 Regular Meeting
  - 5.2 Approval of payment of December invoices
6. Report from Field Manager:
  - a. Status of December field matters
7. Report from Manager:
  - a. Status of December operational matters

8. Report from Attorney concerning:
  - a. Non-discussion/action items
9. Report from Engineer concerning:
  - a. Non-discussion items
10. Report on Meetings:
  - a. Sacramento Groundwater Authority Meeting - Matteoli
11. Old Business:
  - a. Status update of Del Paso Manor Elementary School Project and review and discuss request by SJUSD to approve connection requests to move project along.
12. New Business:
  - a. Upcoming Meetings:
    1. None
  - b. Review, discuss and possible action on request by Josh Winston of 3600 Winding Creek Road for the District to install fire hydrants along Winding Creek Road to bring up to current fire code.
  - c. Review and approve release of Request for Proposal for auditing services.
  - d. Review and discuss additional work on repair needed on Burrell Court which may cause an increase in the budget. Discuss option of approving a redesign of work and approve work under the Planned System Maintenance budget.
  - e. Sign new Bank signature Card.
  - f. Appoint District Representatives for the various organizations.
  - g. Appoint Succession Planning Ad-hoc Committee.
  - h. Appoint Ad-hoc Finance Committee.
13. Board General Discussion: Opportunity for Board members to ask questions for clarification, provide information to staff, request staff to report back on a matter, or to direct staff to place a matter on a subsequent agenda.
14. Adjournment

**MINUTES OF REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF  
DEL PASO MANOR WATER DISTRICT**

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DRAFT

The Board of Directors of the Del Paso Manor Water District held its regular meeting at the District office located at 1817 Maryal Drive, Suite 300, Sacramento, California on December 3, 2018 at 7:30PM.

President Allen called the meeting to order. Vice President Saunders, Director Elmore, Director Matteoli, and Director Wilson were present. Also present were Attorney Adam Brown, Manager Debra Sedwick, Field Manager Rich Bolton, and Office Administrator Lori Hensley. Larry Bain was in attendance for the presentation of audit. There were several residents and members of the public also present.

PLEDGE OF ALLEGIANCE:

President Allen led the Pledge of Allegiance.

PUBLIC COMMENT:

Resident Greg Schneider commented that he feels a review of our Records Retention Policy needs to be done because he turned in a public record request asking for the contract with Kennedy Jenks from 2009 and was told the document was no longer available due to the length of time.

Resident James Sissom commented for three minutes about how he felt a political flyer was unethical. His anger was directed at Director Matteoli and President Allen.

PRESENTATION OF AUDIT BY LARRY BAIN:

Larry Bain reviewed and discussed the 2017-2018 Audit with Board. He answered questions from the Directors as well as the public. Manager Sedwick asked about a possible error on the table on page 16 regarding the term of the debt. Larry stated he would look into that. Vice President Saunders made a motion to accept the 2017-18 Audit with the possible correction on the table as requested by Manager Sedwick. Director Matteoli seconded the motion. With no further comments from the Board or public, the motion carried by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson  
Noes: None  
Absent/Abstain: None

CONSENT CALENDAR:

Resident Greg Schneider requested to have the minutes from November 5, 2018 special meeting pulled. Resident Trish Harrington requested to have the November invoices pulled.

Director Matteoli made a motion to approve the minutes from November 5, 2018 regular meeting and the minutes of November 14, 2018 special meeting. The motion was seconded by Director Elmore.

With no Board or public comment, the motion carried by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson  
Noes: None  
Absent/Abstain: None

Greg Schneider commented on his public comment in the minutes; he would like minutes to be marked somehow to identify that they are draft. He referenced that he liked how San Juan Water District listed their minutes and they use the same website developer. Director Wilson would also like to see the difference between drafts and approved, possibly with a water mark for clarification. Resident Marissa Burt asked for this to be placed on next month's Board agenda for discussion. Manager Sedwick stated that she would look at San Juan Water District's site and/or contact them and upload the same way for future minutes as the goal of the website is to be transparent and user friendly. Director Matteoli commented that this is about a procedure not a policy and Manager Sedwick stated she would take care of it. He does not feel it is appropriate to be on the agenda next month. Vice President Saunders made a motion to approve the minutes of November 5<sup>th</sup> special meeting as presented, Director Matteoli seconded. With no other comments, the motion carried to approve the minutes of November 5, 2018 special meeting as presented by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, and Saunders  
Noes: Wilson  
Absent/Abstain: None

Resident Trish Harrington inquired why there were two checks to Forsgren Associates. Manager Sedwick reported one is for the Del Paso Manor Elementary School and one is for on call services. Vice President Saunders made a motion for the approval of payment of November invoices which was seconded by Director Elmore. With no public or Board comment, the motion carried to pay the November invoices by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson  
Noes: None  
Absent/Abstain: None

<u>CHECKS DRAWN</u>	<u>CHECK NO.</u>	<u>AMOUNT</u>
Primetax Service Charge 11/5	EFT	192.34
AT&T 11/14	8916	80.78
AT&T 11/14	8917	177.16
Regional Water Authority (Dec. Meeting) 11/14	8918	70.00
Primetax - Payroll 11/15	EFT	9218.01
Primetax - Payroll Taxes 11/15	EFT	5078.86
AT&T 11/21	8919	55.00
PERS/Health 11/29	EFT	7260.77
Primetax - Payroll 11/30	EFT	10442.68
Primetax - Payroll taxes 11/30	EFT	5270.51
Forsgren Associates Inc. 11/30	8920	9991.25
ACWA/JPIA 11/30	8921	620.60
Voya Financial	8922	1800.00
Larry Bain, CPA	8923	9250.00

Hill Rivkins Brown & Associates	8924	3900.00
Burketts	8925	99.25
Chevron	8926	418.26
Lucy & Company	8927	1811.10
Emigh Hardware	8928	664.26
Forsgren Associates Inc.	8929	8351.25
Inland Business Systems	8930	181.80
John F. Mahaney Company	8931	99.48
P.G. & E.	8932	8.32
Petty Cash	8933	121.48
US Postal Service	8934	720.51
CalPERS-CERBT	8935	25000.00
Sacramento County Utilities	8936	175.22
SMUD	8937	8840.69
Sam's Club	8938	271.21
Sierra Chemical Company	8939	369.00
Debra Sedwick (Reimbursement-Truck Exp.)	8940	145.32
SWRCB-DWOCP	8941	60.00
Streamline	8942	200.00
USA BlueBook	8943	255.28
Uinta Holdings, LLC	8944	1985.00
Stericycle Communication Solutions	8945	300.95
YP	8946	15.50
		113501.84

REPORT FROM FIELD MANAGER CONCERNING:

November field matters:

1. The District field staff responded to four leak service calls during the month. Three were the responsibility of the homeowner or business owners, and the fourth one was the District's responsibility. The District's leak was located in the steel area, and caused by old age. The main line was off for fifty minutes affecting at least thirty homes. All repairs have been made and service restored. Because of the main line's proximity to a swimming pool, it took a great deal more time to excavate and restore the yard.
2. Field staff performed 24 Underground Service Alerts and three customer service line location requests in the month of November.
3. Construction continues at Del Paso Manor Elementary School. McCarthy Construction has brought in their trailers and placed them in front of Well #9. The District has begun reviewing their plans and performing the modeling on their plans.
4. Field staff observed the fire flow test for 3600 Winding Creek Road.
5. Field staff installed a temporary water meter at Country Club Plaza for a Christmas tree lot.
6. Field staff installed a curb stop at 2805 Verna Way.

REPORT FROM MANAGER CONCERNING:

November operational matters:

1. Manager Sedwick attended the quarterly Regional Contamination Issues Committee meeting. Aerojet reported more monitoring wells are being installed, as they are watching a couple of plumes moving. At McClellan, the radium is still being cleaned up. Out of the 3,000 acres only 195 acres

are left to be transferred from the US Government to private. Time was spent discussing PFOA's at Mather. Ten sites are potential sources with two site investigations being done now; Mather was used as a training site for fire using foaming agents. The GAC treatment seems to be the most effective at removing PFOA's.

2. At the monthly Regional Water Reliability meeting, the next steps for getting into an operational bank were discussed. The market analysis, governance, and planned schedule will begin in 2019. From mid 2019 to mid 2021 external commitments will be initiated along with the governance structure and CEQA/NEPA. In the middle of 2021, the external partner agreements will be finalized along with approvals from local, state, and federal governments. The plan is to implement operation of the bank by the middle to late 2021

3. Manager Sedwick reported she attended another SJWD/SSWD Collaboration-Integration meeting with other area managers. They reviewed and discussed problems, goals, and potential scope. Sacramento Suburban Water District and San Juan Water District will be reporting to their 2 x 2 committee later this month.

4. The final edition of "Making Water Conservation a California Way of Life" was released. Small utilities are mentioned on page 25. Department of Water Resources has started a working group. Amy Talbot with the RWA is attending and has asked Manager Sedwick to be involved as we are the only small agency in the region. Amy will keep Manager Sedwick informed until it is determined exactly what the group will be doing.

5. The District increased our water production for November by 8.0% with a year to date reduction of 1.4% compared to 2017. Compared to 2013, November water production decreased by 12.3% resulting in a year to date reduction of 21.1%.

6. All bacteriological quality samples tested absent for November.

7. There were no water quality complaints for the month of November.

REPORT FROM ATTORNEY CONCERNING:

No report.

REPORT FROM ENGINEER CONCERNING:

No report.

REPORTS ON VARIOUS MEETINGS:

Vice President Saunders attended the Regional Water Authority meeting. Staff was directed to evaluate alternatives that would lower the long term costs of providing health benefits to future retirees.

Executive Director John Woodling introduced the newest staff member Ryan Ojakian as the Legislative and Regulatory Affairs Manager and a brief legislative update was given.

Manager Sedwick attended the ACWA/JPIA meeting. A resolution commending Tim Quinn's service to ACWA was adopted and presented to Tim. They also adopted a resolution to create a Captive Insurance Company. Del Paso Manor Water District received the Presidents Awards for low ratio of claims in all three programs (liability, property, and workers compensation).

Manager Sedwick attended the ACWA conference. She discussed the sessions she attended each day.

Director Matteoli attended the ACWA committee meetings and conference. Director Matteoli discussed the meetings and sessions he attended each day. He also attended the Ethics Training class to meet the requirements of AB1234.

#### OLD BUSINESS:

1. Reviewed and discussed the Director Compensation and Travel Policy which includes the changes requested last month. The new policy will be effective January 1, 2019. Vice President Saunders made a motion to approve the policy as presented. Director Wilson seconded. Resident Greg Schneider questioned if they go to two meetings in the same day, do they get paid two times; it was stated that the compensation is for "each day of meetings," not each meeting. With no other comments by the Board or public, the motion carried by the following roll call vote:

Ayes: Allen, Elmore, Matteoli, Saunders, and Wilson  
Noes: None  
Absent/Abstain: None

#### NEW BUSINESS:

1. Upcoming Meetings:

- a. RWA/SGA Annual Dinner Meeting on December 6, 2018 at Northridge Country Club.

2. Manager Sedwick reviewed the Technical Memo provided by Forsgren with the Board. Two scenarios were run. One with all wells available and the interties closed and the other with Well #9 off. She pointed out that Scenario 2 was problematic. Although the requested 1900gpm flow was met at the elementary school, there were significant pressure drops at other locations throughout the District, especially in areas with smaller diameter pipes of 4" or less due to the increased demand. She reported that field calibration was done around the school but not other areas throughout the District. After the model was prepared, field calibration was the next step but was not done due to funding; it was not a priority since no building was going one and we were trying to keep costs to a minimum. Field Manager Bolton explained the lack of staffing also contributed to the reasons why field calibrations had

not been performed. He explained why additional staffing is needed and that it is difficult to do proper field calibrations with only two field personnel. A Director asked about liability of not being able to meet the 1900gpm fire flow when other facilities in the District have a greater fire flow requirement. Attorney Brown commented that there are certain statutory immunities available to public entities with respect to existing infrastructure. There is an obligation to maintain and repair what is presently in the ground, but the District is not an insurer. However, if the Board moves forward with approving these additional services, and has not taken into account and considered mitigations of any potential adverse impacts as a result of the additional fire flow demand on the water system given the problems identified in the initial reports that SJUSD and Forsgren have prepared without further evaluation, the District could be exposed in the event of a fire in which hydrant capacity were demonstrated to be inadequate. Director Matteoli commented that the model update was part of the scope of work in the Master Plan update and we should find out the cost to do that work now. Director Wilson expressed his concerns. He commented that the model shows significant drops and it appears the modeling only goes down to 20psi. He asked if there are areas less than 20psi. He suggested that an additional scale level be added for less than 20psi and the model rerun to see if there are areas with less than 20psi. He also expressed his concern with the requirement of only 1900gpm fire flow; he feels this is way too low for a school and the buildings that are being built at the site. After more discussion, the Board directed the Manager to inform the School District that we can not accept their request for the additional services as proposed, but are willing to work with the school to try to find a suitable alternative that will work for them and mitigate the impact to the areas in the District if they are willing to enter into a Reimbursement Agreement to cover the engineering and staff costs for the additional evaluation and analysis that needs to be done. If they agree, the Board would like to see future model runs to include "less than 20psi" residual pressure. The Board also requested that Manager Sedwick request from the School District a letter or document from Sacramento Metro Fire on the fire flow they require. Manager Sedwick reported that the District has already requested this information but will request it again. They further requested that Manager Sedwick ask Forsgren Associates to provide an estimate on calibrating the model and performing field verifications including the number of nodes that they suggest need to be verified.

Resident Greg Schneider commented that there is a very motivated client that has lots of money and DPMWD should not pay a dime. He encouraged the Board to take advantage of a long term solution, maybe another well to be installed at their expense.



BOARD GENERAL DISCUSSION:

Each Director went around the table and thanked the outgoing Directors for their service. In reply, Director Elmore thanked each Director and stated it was a lot more exciting then he thought. Vice President Saunders stated he enjoyed working with all and is proud of all we have done the last eight years. Director Wilson stated it has been twelve years for him as a Director and thanked the Board and welcomed the new Board.

There being no further business to come before the Board, President Allen adjourned the meeting at 10:10PM.

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Richard K. Allen, President

ATTEST:

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Debra Sedwick, Secretary

**Del Paso Manor Water District  
Request for Proposal for Professional Auditing Services**

**DRAFT**

**GENERAL PROPOSAL INFORMATION**

**Request for Proposal**

Del Paso Manor Water District, hereinafter referred to as "DPMWD", is soliciting proposals from qualified firms of certified public accountants to audit the District's financial statements for the fiscal year ending June 30, 2019, with the option at DPMWD's discretion of auditing its financial statements for each of the four subsequent fiscal years. The audits are to be performed in accordance with the auditing standards generally accepted in the United States of America, the California State Controller's audit requirements for special districts, Generally Accepted Accounting Principles (GAAP), and the Governmental Accounting Standards Board (GASB) guidelines.

DPMWD reserves the right to modify the anticipated timeline set forth below. There will be no public opening of proposals. DPMWD reserves the right to reject any and all proposals, cancel all or part of this RFP, and waive any minor irregularities and to request additional information from proposing firms. This request for proposals does not obligate DPMWD to award a contract. There is no expressed or implied obligation for the DPMWD to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, send proposal to:

RFP 2019 – Audit Services  
Debra Sedwick, General Manager  
Del Paso Manor Water District  
1817 Maryal Drive Suite 300  
Sacramento, CA 95864

**Introduction**

Del Paso Manor Water District is organized under the California Water Code (Section 30000 et seq.). The Board of Directors is comprised of five members who are elected at large for four-year alternating terms. Every two years, concurrent with the installation of the newly elected board, they select Board officers.

Del Paso Manor Water District serves a portion of the Arden Arcade area within the unincorporated area of Sacramento County. The District occupies approximately 1.3 square miles and has approximately 1800 customers. The District provides potable water to residential, commercial and institutional customers. There is a mixture of flat rate and metered accounts, with the most being flat rate, based on lot size.

**Principal Contact**

The auditing firm's principal contact with DPMWD will be:

Debra Sedwick, General Manager  
1817 Maryal Drive Ste. 300  
Sacramento, CA 95864  
(916) 487-0419  
Email: [debrasedwick@sbcglobal.net](mailto:debrasedwick@sbcglobal.net)

# **Del Paso Manor Water District**

## **Request for Proposal for Professional Auditing Services**

### **RFP Timeline**

January 8, 2019	Distribution of RFP
February 8, 2019	RFP filing deadline
March 5-8, 2019	Audit firm interviews (if necessary)
April 1, 2019	DPMWD Board of Directors approval of selection

### **PROPOSAL SUBMITTAL AND EVALUATION**

#### **Proper Completion and Submission of RFP**

To be considered, each auditing firm submitting a proposal must provide by the due date six copies to DPMWD's principal contact shown on page 1. DPMWD reserves the right to reject any or all proposals submitted. **Proposals will be delivered to DPMWD's principal contact.** Late submissions will not be considered.

#### **Rights to Submitted Materials**

DPMWD reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between DPMWD and the firm selected.

#### **Changes to RFP**

DPMWD will post any changes to this RFP on the District's website at [www.delpasomanorwd.org](http://www.delpasomanorwd.org) and notify via email to each firm to whom an RFP has been sent or has requested notification from the District. Such changes become an integral part of the RFP for incorporation into any contract awarded pursuant to the RFP.

#### **Inquiries to RFP**

Please first submit any inquiries or clarification concerning the proposal submission via email to DPMWD's principal contact. Answers to inquiries will be returned via email and also posted at [www.delpasomanorwd.org](http://www.delpasomanorwd.org) for all other interested parties to review.

#### **Evaluation of Proposals**

Proposals submitted will be considered by key District personnel and/or appointed committee.

During the evaluation process, DPMWD may, in its sole discretion, request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of DPMWD, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

#### **Award of Contract**

DPMWD's selection of an auditing firm will be completed by April 2, 2019. Following notification of the selected firm, it is expected that a contract will be executed between DPMWD and the selected auditing firm by April 30, 2019.

# **Del Paso Manor Water District**

## **Request for Proposal for Professional Auditing Services**

### **Term of Engagement**

The contract term will be from one to a maximum of five years at DPMWD's discretion. If DPMWD and the selected auditing firm enter into a multi-year services contract, such contract will be subject to annual review and conditional renewal based on auditor performance at the sole discretion of DPMWD.

### **Subcontracting**

If a proposer intends to subcontract any of the work in its proposal, that fact, the name of the proposed subcontracting firm(s), and the work to be performed by each subcontractor must be clearly identified in the proposal.

### **Insurance**

The selected auditing firm will maintain in full force and effect throughout the term of the auditing services contract the following insurance coverage:

- A. Comprehensive General Liability Insurance coverage of not less than \$1,000,000 Combined Single Limit, with coverage at least as broad as ISO CG00 01.
- B. Automotive Liability Insurance coverage of a limit of not less than \$1,000,000 Combined Single Limit with coverage at least as broad as ISO CA00 01 (hired or non-owned).
- C. Workers' Compensation Insurance coverage at the statutory limits, covering its employees used in performance of this Agreement. The auditor also will require any approved sub-contractors that perform auditing services for DPMWD to also provide Workers' Compensation Insurance covering such sub-contractor's employees.
- D. Professional Liability Insurance of a limit of not less than \$1,000,000.
- E. All of the auditing firm's insurance is to be placed with insurers licensed to do business by and in good standing with the California Department of Insurance, with a current A.M. Best's rating of A or better unless otherwise acceptable to DPMWD. All insurance will be endorsed to name DPMWD as an additional insured.
- F. If requested by DPMWD, all proposers will promptly submit to DPMWD evidence of insurance coverage.

## **SCOPE OF SERVICES**

### **Nature of Services**

DPMWD is soliciting the services of qualified firms of certified public accountants to audit DPMWD's respective financial statements for the fiscal year ending June 30, 2019, with the option, at DPMWD's discretion, to renew the contract to audit DPMWD's financial statements for

## **Del Paso Manor Water District Request for Proposal for Professional Auditing Services**

each of the four subsequent fiscal years. The audit(s) are to be performed in accordance with the provisions contained in this request for proposals.

DPMWD desires the auditor to express an opinion on the fair presentation of their basic financial statements in conformity with generally accepted accounting principles.

The scope of work relative to this request for proposals shall include the following tasks.

1. Pre-audit conference - A pre-audit conference (teleconference is acceptable) is required to provide a clear understanding of any conditions to be met by District staff and the responsibilities of the auditor, so that the audit can be conducted on a timely basis and concluded in accordance with predetermined schedules.

2. Financial Statements – An independent audit report on the financial statements conducted in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. An independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements. This includes comparative balance sheets on the combined and individual funds at the end of the current and preceding year, with supporting notes and schedules that provide details of or explain changes in account balances; comparative statements of income and expense for the current and preceding year with supporting notes and schedules that provide details of income statement accounts; statement of retained earnings explaining changes in the unappropriated retained earnings account from the beginning to the end of the current year; and reconciliation of net income.

3. Annual Report of Financial Transactions of Special District - Auditor shall prepare the annual report to the State Controller pursuant to Government Code Section 26909. This report shall be completed and on file with the State Controller within ninety (90) calendar days of year-end (June 30). Auditor shall submit to the District a copy of the annual report prior to transmittal to the State Controller.

4. Opinion Letter - An opinion letter is required attesting to the fair presentation of the financial statements in conformity with generally accepted governmental accounting principles.

5. Management Letter - The auditor shall prepare a separate management letter on the internal control structure based upon the auditor's understanding of the control structure and assessment of control risk. This report shall be submitted to District and shall outline the auditor observations and recommendations for enhancement or improvement, and include any reportable conditions found during the audit. In the required report(s) on compliance and internal controls, the auditor shall communicate any deficiency, material weakness or significant deficiencies found during the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls. The report on compliance and internal controls shall include all material

## **Del Paso Manor Water District Request for Proposal for Professional Auditing Services**

instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

6. Provide the GASB 68 calculations for the audit based on the CalPERS report. Include the supplementary information as required for the audit document.

7. Auditor Review of Capital Asset Valuation Report by Third Party and Restatement of Capital Assets in conformity to GAAP with approved valuation method - The primary purpose of this objective is to create an asset valuation for entity wide and fund reporting consistent with generally accepted accounting principles (GAAP) that is adequate to support an unmodified audit opinion, supported, where appropriate, by a physical inventory of assets. An important aspect of the objective will be capital asset values reported at a level of detail adequate to update the District's fixed asset detail system and support journal entries to the general ledger.

8. Board of Directors Meeting - The auditor shall present, in person, a summary of the final comprehensive financial report at a Board of Directors Meeting, no later than the December 2019 regularly scheduled meeting.

9. Exit Conference - An "exit" conference is required with District Staff. The "exit" conference shall disclose any facts or situations that the auditor feels have, or have had, a bearing on their work or report.

10. Final Audit Report - Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, two weeks prior to the above Board meeting(s) one PDF file and six (6) copies of the audit, including: the opinion letter, the final comprehensive financial report, and the final management letter shall be submitted to the District

### **Anticipated Audit Timeline**

Mid September 2019	Auditor year end fieldwork begins
October 2019	Draft financial statements and management letter
December 2, 2019	Present audit report and management letter comments to DPMWD Board of Directors

### **Irregularities and Illegal Acts**

Auditors shall be required to make an immediate, written report to the DPMWD Board of Directors of all irregularities and illegal acts or indications of illegal acts of which they become aware.

### **Reporting to the Board of Directors**

Auditors shall assure themselves that the DPMWD's Board of Directors are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards;
2. Significant accounting policies;

# **Del Paso Manor Water District**

## **Request for Proposal for Professional Auditing Services**

3. Management judgments and accounting estimates;
4. Significant audit adjustments;
5. Other information in documents containing audited financial statements;
6. Disagreements with management;
7. Management consultation with other accountants;
8. Major issues discussed with management prior to retention; and
9. Difficulties encountered in performing the audit.

### **Pension Plans and Other Post-Employment Benefits**

DPMWD participates in the California Public Employee Retirement System (CalPERS), which is a defined benefit pension plan. Actuarial services for these plans are provided by CalPERS. Additionally, DPMWD offers its employees a Deferred Compensation Plan administered by CalPERS and/or Voya. DPMWD does not contribute to the Deferred Compensation Plans on behalf of its employees.

DPMWD hires an actuary to determine the cost of other post-employment benefits (OPEB). DPMWD places OPEB funds into a trust account with California Employers' Retiree Benefits Trust (CERBT) managed by CalPERS. Contributions are paid each year to keep unfunded liabilities to a minimum. Funding amount is based on upon approved budget and available resources. The retiree health benefit payments are reimbursed from the CERBT.

### **Availability of Prior Audit Reports and Working Papers**

Interested firms who wish to review prior years' audit reports and management letters should contact DPMWD's principal contact. DPMWD will use its best efforts to make prior DPMWD audit reports and supporting working papers available to firms to aid their response to this request for proposals.

## **PROPOSAL REQUIREMENTS**

### **Proposal Requirements**

In order to facilitate the comparison of proposals from competing firms and to assist the evaluation team with the review process, proposing firms are requested to organize their proposals in accordance with the following instructions.

#### **Title Page**

State the RFP subject, name of the audit firm, local address, telephone number of the proposer's chief contact person, and the date of the proposal.

#### **Table of Contents**

The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

#### **Profile of Proposing Firm**

# **Del Paso Manor Water District**

## **Request for Proposal for Professional Auditing Services**

Include staffing size of your firm and your firm's client base (i.e. local, regional, statewide, etc.) and the location of the office from which the work will be done and the staffing allocation for that office. Include a statement as to the firm's capability to conduct audits of governmental entities, including an affirmation that the proposing firm and its agents are properly licensed for practice as Certified Public Accountants. It is expected that the firm's staff will meet the Continuing Education Requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions published by the U.S. General Accounting Office.

### **Independence**

The firm should provide an affirmative statement that it is independent of DPMWD as defined by generally accepted auditing standards ("GAAS"). The firm should disclose whether it has any audit relationships with DPMWD, including the staff and Board members.

### **Partner, Supervisory and Staff Qualifications and Experience**

Identify staff, including engagement partners, managers, supervisors and specialists, who would be assigned to the engagement. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit. Include an affirmative statement that the firm and all assigned key professional staff are properly registered/licensed to practice in California.

### **Work Plan and Schedule**

Outline a work plan to accomplish the proposed scope of work to demonstrate how the time requirements for the audit will be met. The work plan should include time estimates for each significant segment of the work to be performed and a description of the expected assistance from DPMWD. The work plan should also identify and describe any anticipated potential audit problems and the firm's approach to resolving these problems. In addition, the work plan should indicate if the proposer is willing to enter into a single year or a multi-year engagement of no more than five consecutive years.

### **Similar Engagements**

List a maximum of five similar recent engagements performed. Indicate the scope of work, date, engagement partner(s), total hours, and the name and telephone number of the principal client contact.

### **Peer Review Results**

**Please provide a copy of the audit firms most recent peer review results. You may include any additional information that addresses any peer review findings.**

### **Cost Proposal**

The cost to provide the auditing services should be included in the proposal with detail of the hours and rates to be charged:

- 1) Total hours and a not-to-exceed price for the engagement, including out-of-pocket expenses. If the proposer seeks a multi-year contract, the not-to-exceed price should be included for each of the years 2019 through 2023.



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- 2) Rates by partner, supervisor, and staff with hours anticipated for each.
- 3) Out-of-pocket expenses.
- 4) Rates for additional professional services, should the need arise.

Progress payments will be made on the basis of hours of work completed during the course of the work and out-of-pocket expenses incurred in accordance with the firm's dollar cost under terms to be agreed to in a contract to be executed between the selected auditor and DPMWD. DPMWD will retain 10% of the amount of each billing pending delivery of the firm's final report. All sums retained will be paid after delivery of the final report.

**SELECTION CRITERIA**

DPMWD staff and/or committee will review proposals and recommend selection of a single firm to the DPMWD Boards of Directors based on the following criteria, which will be assigned point values up to the total amounts indicated: knowledge/experience (30 points), ability to meet DPMWD needs (20 points), and project cost (50 points). There is a maximum possible score of 100 points.

TO: Board of Directors

FROM: Debra Sedwick, Manager

SUBJECT: Appointment of District Representatives.

Del Paso Manor Water District has several associations that require a District representative and/or Board member to be assigned. The General Manager is typically the alternate or second except for the Sacramento Groundwater Authority which requires each to be an elected officer. Below are the organizations that need appointments:

**Association of California Water Agencies (ACWA)** – This organization is the leading voice on water issues throughout the State of California. We must belong to ACWA to belong to the JPIA. There are 10 regions; Del Paso Manor Water is in Region 4. The representative appointed will be required to vote on issues that require a membership vote; these meetings are held at their conferences. ACWA also has several committees in order to break down their workload. Some committees are limited in participation and other are not. Committee appointments are not required to be made at this time.

**ACWA/Joint Powers Insurance Authority (ACWA/JPIA)** – This is the organization that provides the District with our insurance coverage for liability, property, workers' compensation, and employee insurance (dental, vision, and employee assistance program). They also provide training and sample policies that should be established in order to keep risk low. The JPIA meetings are held two times per year, the day before the ACWA conference.

**California Special District Association (CSDA)** – This organization provides assistance to special districts throughout California. They also represent special districts on legislative issues that affect special districts, but not necessarily water issues. We have received assistance with the first Bond Finance from CSDA. They also were the organization that assisted with the refinance. We also receive discounts on our website by being a member. They have an annual conference but attendance by the representative is not necessary. We just have a named representative in case they need a vote by the membership.

**Regional Water Authority (RWA)** – This organization provides a voice on regional issues. They also provide some training to directors on water issues. They assist with conservation requirements as well. The RWA also holds the Water Caucus meetings that are required under the Water Forum Agreement. The Integrated Regional Water Management Program for our region is overseen by the RWA. We have two members on the Board and they meet every other month (odd months) on the second Thursday at 9:00am.

**Sacramento Groundwater Authority (SGA)** – This authority oversees and manages the groundwater basin in Sacramento County. They are also the Groundwater Sustainability Agency under the Sustainability Groundwater Management Act that the State passed in 2014. This organization requires the appointment of two elected officials to the Board but Del Paso Manor Water District's appointments are required to be ratified by the City of Sacramento. Elected

ratified by the City hold a term of two years which can be renewed. This organization meets every other month (even months) on the second Thursday at 9:00am.

**Water Forum Successor Effort (WFSE)** – This is a group that was formed as part of the Water Forum Agreement. The Water Forum Agreement was an agreement that Del Paso Manor Water District, along with every other purveyor in the region, signed in 2000. This agreement balances the environment and water, agreeing that the goals of water supply and the environment are co-equal and developed co-equal objectives. There are seven elements to the agreement, with the two largest being an agreement for conservation requirements and flows in the lower American River. The WFSE meets roughly 5-6 times per year in the evening.

**Current Representatives:**

<u>Organization</u>	<u>Representative</u>	<u>Alternate Representative</u>
ACWA	Allen	Sedwick
ACWA/JPIA*	Allen	Sedwick
CSDA	Vacant	Sedwick
RWA	Vacant	Sedwick
SGA**	Allen	Matteoli
Water Forum	Vacant	Sedwick
ACWA Groundwater Committee	Matteoli	n/a
ACWA Ag Committee	Matteoli	n/a

\* Appointment changed in November 2018 in order to have representation at November meeting

\*\*SGA requires City of Sacramento appointment.