

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Regular Board of Directors Meeting

MINUTES

December 19, 2007

4:00 p.m. – Closed Session

5:00 p.m. - Open Session

1. CALL TO ORDER/ROLL CALL

President Wayne Kuntz called the regular meeting of the Board of Directors of Rancho Murieta Community Services District to order at 4:00 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Wayne Kuntz, Dick Taylor, Bobbi Belton, Bob Kjome, and Gerry Pasek. Also present were Ed Crouse, General Manager; Les Tyler, Director of Administration; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations, and Robin Armstead, Recording Secretary.

2. EMPLOYEE PROMOTIONS – CERTIFICATIONS

None.

3. BOARD ADJOURNED TO CLOSED SESSION at 4:05 P.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code 54956(a) Conference with Legal Counsel – Existing Litigation – Cease and Desist Order.

Under Government Code 54956.8: Real Property Negotiations - Real Property APN 128-0080-067; APN 128-0080-068; APN 128-0080-069; APN 128-0080-076; and APN 128-0100-029. Real Property Negotiator: Edward R. Crouse, General Manager.

Under Government Code 54957 Public Employee Performance Evaluation – General Manager.

4/5. BOARD RECONVENED TO OPEN SESSION AT 5:00 P.M. AND REPORTED THE FOLLOWING:

Under Government Code 54956(a) Conference with Legal Counsel – Existing Litigation – Cease and Desist Order. No action taken. Received update from legal counsel.

Under Government Code 54956.8: Real Property Negotiations - Real Property APN 128-0080-067; APN 128-0080-068; APN 128-0080-069; APN 128-0080-076; and APN 128-0100-029. Real Property Negotiator: Edward R. Crouse, General Manager. Received update.

Under Government Code 54957 Public Employee Performance Evaluation – General Manager. Received quarterly update; no action taken.

6. ADOPT AGENDA

Motion/Belton to adopt the agenda. **Second/Taylor. Ayes: Kuntz, Taylor, Belton, Kjome, Pasek.**

7. COMMENTS FROM THE PUBLIC

None.

8. CONSENT CALENDAR

Under Agenda Item 8a, Director Pasek stated that a request was made to HDR to delete small users (the townhouses, village, and villas) in determining a residential average. Ed Crouse stated that he

met with HDR Tuesday, December 18, 2007, and a weighted average was used in calculating the percentage of the smaller units times the water consumption. Using the discount and a weighted average, it raised the lowest level from 800 cu. ft. to 1400 cu. ft. per month. This average covered too many people and, when raised to 1400 cu.ft. there was no conservation effect in the first tier block. Ed stated that Shawn Koorn will send information based on Tuesday's meeting suggesting tiers and pricing.

John Sullivan provided a written correction to Item 7 of the November 27, 2007 Special Board Meeting minutes. Corrections will be made and redistributed.

Under Agenda Item 8b, Director Pasek requested the statement being mailed with the W2s show actual deductions and that a statement about unemployment insurance is included.

Under Agenda Item 8d, Director Pasek stated that he did not see anything in the policy that talked about personal use restrictions or limitations for business purposes or anything outlining the restrictions and disciplinary measures available. Ed stated that there is a separate computer policy, which is based on the CSDA model computer policy. The telephone and computer policies will be reviewed.

Under Agenda Item 8e, Director Belton asked why the District continues to compare salary ranges to, for example, the City of Folsom. She would like to see CSDA salary survey incorporated. Les Tyler explained that the changes to the manual relate to the modifications in the range and how the charts are looked at for salary adjustments. The District conducts a salary survey every two years. He suggested discussing the components and overall look of the survey at the next Personnel Committee meeting.

Motion/Taylor to accept the Consent Calendar. **Second/Belton. Roll Call Vote: AYES: Kuntz, Taylor, Belton, Kjome, Pasek.**

9. STAFF REPORTS

Under Agenda Item 9a, Director Belton asked about the upgrade of the database for incident tracking. Chief Remson stated the problem was with an Access program the graveyard shift uses to run security reports. The problem has been resolved. Director Belton also asked about the meeting Ed Crouse, Chief Remson and Steve Rudolph had with Kim Zdobnikow, Sacramento County District Attorney's Office. Ed explained that the subject of the meeting was the District's enforcement authority under the Security Code as it relates to vandalism, curfew, drinking, and ordinances that are on the books. Ms. Zdobnikow advised that a stricter enforcement should include Rancho Murieta Association (RMA) and made recommendations to pass along to RMA on compliance and the collective enforcement of curfew at the parks and gazebo.

Director Pasek questioned how the term "COLA" is used in the wage and medical premium adjustments. Ed Crouse explained that annual adjustments based on the Memorandum of Understanding (MOU) are called a COLA (cost of living). The wording can be changed in the future to "annual adjustments" according to the MOU. Ed further explained that unrepresented employees receive annual increments on their hiring anniversary date based on the outcome of the Pay for Performance Evaluation. In the case of a represented employee, there are two adjustments: one is the annual adjustment per contract on January 1 and the other is on their hiring anniversary, based on the outcome of their performance evaluation.

Under Agenda Item 9b, Director Pasek asked if there are any reserve transfers that are planned or have not been made that contribute to the \$278,000 net income loss, year to date. Les Tyler stated that \$208,00 in sewer and approximately \$12,000 in water offset the \$278,000. Approximately \$225,000 is reserve related. Director Pasek asked Les to indicate the reserve related portions with an asterisk in future reports.

Director Belton stated that she read an article in the CSDA weekly newsletter about Prop 1A. She said that the District tax revenues may again be at risk. Ed Crouse stated that a letter is being sent to legislators opposing the shift of revenue funds.

Under Agenda Item 9c, Chief Remson stated that there was no significant problems with Christmas decoration vandalism this year.

Under Agenda Item 9d, Paul Siebensohn stated that it was decided to pump river water early while it is available. Ed Crouse stated that the District is continuing with the sewer cover modification project. In low lying areas, Rob McLeod has installed manhole covers for inserts on the manhole lids in low areas. Smoke testing has also started.

Director Taylor stated that there was reference made at the RMA board meeting about water ponding in the neighborhood of Riverview Park where children's activities are. Ed Crouse stated that the District is taking a look at two approaches: 1) to put up permanent wrought iron fence; and, 2) may be able to abandon the detention basin and use the detention basin that is lower down near Hole #4.

Under Agenda Item 9c, Director Taylor expressed his concern about comments made at the RMA meeting in regards to how the weekend vandalism matter was to be resolved and what is going to be expected of the young people who committed to act. It was suggested that Chief Remson talk further with Dave Stiffler, General Manager, Rancho Murieta Association.

10. CORRESPONDENCE

Director Pasek stated that due to its close proximity and the seasonal application of the school, to not treat the school as an exception to the total development. The District should determine if it can meet some of the school's needs prior to full build-out of water system upgrades. Ed Crouse stated that the District is working with the school on water and wastewater availability and services. The District cannot supply water for fire suppression to the school because the water the school needs is high-pressure water that is beyond the capacity of the District's distribution system. Ed will call Mr. Schultz and meet with him to discuss his ideas.

11. APPROVE PSOMAS SCOPE OF WORK TO CONDUCT WWRP AUDIT

Ed Crouse stated that at last month's Board meeting, it was recommended the District work with Psomas to renegotiate a scope of work based comments and dialogue the District had with Psomas during the interview process. Ed provided a side-by-side comparison of the original scope of work and the revised negotiated scope of work.

Motion/Belton to approve revised Psomas Scope of Work to conduct WWRP audit to be presented at the March Board meeting, with funding to come from Sewer Replacement Reserves with reimbursement to the Reserve account from future rate increases or future net income transfers.
Second/Kjome. Roll Call Vote: Ayes: Kuntz, Belton, Kjome, Pasek. Noes: Taylor.

12. RECEIVE BACKGROUND GROUNDWATER QUALITY STUDY & DEGRADATION ASSESSMENT REPORT

Ed Crouse summarized the groundwater quality study & assessment report. This item is a receive and file of the groundwater assessment which is required by Cease and Desist Order (CDO). The conclusion of the report states that it is Carlton Engineering's opinion that the District's reclamation plant is not contaminating the groundwater. One of the difficulties in this report is coming up with background constituent limits for comparison and monitoring for future compliance. The report states that due to the variability between wells to wells and constituent variability in individual wells, with the exception of phosphate and nitrate, background limits cannot be determined. The report needs to be submitted to the Regional Water Quality Control Board (Regional Board) by December 30, 2007. This is the last item on the District's list of compliance efforts in the CDO.

Motion/Taylor to receive background groundwater quality study and degradation assessment report to be submitted to the Regional Water Quality Control Board by December 30, 2007. **Second/Belton.**
Ayes: Kuntz, Taylor, Belton, Kjome, Pasek.

13. APPROVE LARRY BAIN, CPA, PROPOSAL FOR 2006/07 DISTRICT AUDIT

This item is to approve the 2007 Audit Proposal from Larry Bain, CPA, for preparation of audit reports for the fiscal year 2006/07 in an amount not to exceed \$12,750. Larry Bain came out a couple of days last week to start internal control testing and will come back in mid January to complete fieldwork. He will have a draft ready by late January or February.

Motion/Belton to approve Larry Bain, CPA, proposal for 2006/07 District audit. **Second/Pasek.**
AYES: Kuntz, Taylor, Belton, Kjome, Pasek.

14. RECEIVE CEASE AND DESIST ORDER UPDATE

Ed Crouse stated that the District would be submitting the fourth quarterly report ending in December, which will be due January 31, 2007. In this report, the Regional Board will be notified that the District has complied with all the items in the CDO. This notice will stop the District's reporting on a quarterly basis. Rancho Murieta Country Club (RMCC) will be required to continue reporting until they reach compliance with the overflow project. The status of the overflow project is the one item outstanding.

15. 2008 COMMITTEE ASSIGNMENTS

After a short presentation, President Kuntz decided not to make any changes in the Committee assignments for 2008.

16. REVIEW AND SELECT CONFERENCE/EDUCATION OPPORTUNITIES

Director Belton has been working with Ed Crouse on attending fiscal training in February.

Suzanne will notify Directors Kuntz and Taylor when they are to attend the required ethics training.

Ed stated that he was notified via mail of a change of date for the State Water Resources Control Board Fund Fair. The Fund Fair is January 8, 2008, which falls on the same day as the Recycled Water Feasibility Study Workshop. It was suggested that Les Tyler attend the Fund Fair.

17. SET MEETING DATES/TIMES FOR THE FOLLOWING COMMITTEES:

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|--------------|-----------------|------------------|--------------|
| Security | (Kuntz/Belton) | January 7, 2008 | (8:30 a.m.) |
| Finance | (Taylor/Belton) | January 7, 2008 | (9:30 a.m.) |
| Personnel | (Kjome/Pasek) | January 10, 2007 | (8:30 a.m.) |
| Improvements | (Kuntz/Kjome) | January 10, 2007 | (9:30 a.m.) |
| Com. & Tech. | (Taylor/Pasek) | January 10, 2007 | (10:30 a.m.) |

Recycled Water Feasibility Study Workshop – Tuesday, January 8, at 8:30 a.m.

Annual Board Goal Planning Workshop – Tuesday, January 29, at 8:30 a.m.

7. COMMENTS FROM THE PUBLIC (taken out of order)

Mike Martel, lot 424, stated that there is a difference of opinion about some of the properties at Rancho Murieta north being annexed or unannexed. He asked if properties are proven to be annexed; can the people owning the land negotiate without the RMA involvement, as far as requesting for improvements or easements over to annexed property. He plans to attend the next Board meeting to formalize the question in a written form. A discussion followed.

18. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF

Director Taylor expressed his concern about funds belonging to the Park Committee that have been unilaterally appropriated from the Park fund account in favor of the RMA. This issue has been discussed in Park Committee meetings for months now. There has been a consensus by a number of the RMA Board members that there is a problem and there has been a suggestion that a proposal be made by RMA's General Manager and a couple of their Board members to provide a resolution to the problem. That still has not taken place. Director Taylor stated he received a personal letter from the RMA inviting him, as an individual, not as a CSD Board member, to speak with the RMA Board. Director Taylor wishes to reconfirm that the consensus of the District's Board is that the funds of the Park Committee are subject to use only upon the vote and the instructions of the voting members of the Park Committee. Director Pasek suggested that the Parks Agreement be reviewed by legal counsel to resolve spending authority.

Mike Martel stated he feels Director Taylor needs to share the complete email he received and his complete answer to the email. The General Manager invited Director Taylor to the RMA Board meeting so the issue could be discussed openly. A discussion followed. Director Pasek requested sending all parties involved a copy of the Parks Agreement. Ed agreed to supply the Board with Parks Agreement.

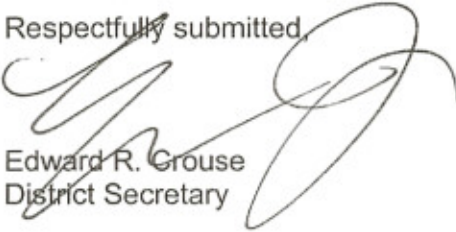
Paul Siebensohn gave an update on the Rio Oso Tank Rehabilitation Project. He reported that the alternative water supply is in operation, the tank is off-line, and construction should commence in a few weeks.

President Kuntz reported back from the President's meeting. Vandalism was discussed and an update was received from Robert Johnson, General Manger, Rancho Murieta Country Club, on the CDO items and construction progress.

19. ADJOURNMENT

Motion/Kjome to adjourn at 7:03 p.m. **Second/Pasek. AYES: Kuntz, Taylor, Belton, Kjome, Pasek.**

Respectfully submitted,


Edward R. Grouse
District Secretary