

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Board of Directors Meeting

MINUTES

January 15, 2014

4:00 p.m. Closed Session * 5:00 p.m. Open Session

1. CALL TO ORDER/ROLL CALL

President Gerald Pasek 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 Gerald Pasek, Roberta Belton, Betty Ferraro, Paul Gumbinger and Michael Martel. Also present were Edward R. Crouse, General Manager; Darlene Gillum, Assistant General Manager; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

2. ADOPT AGENDA

President Pasek suggested Agenda Item 16 and 17 be moved up to follow Agenda Item 12. **Motion/Ferraro** to adopt the agenda with the suggested changes. **Second/Gumbinger**. **Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

3. SPECIAL ANNOUNCEMENTS AND ACTIVITIES

None.

4. BOARD ADJOURNED TO CLOSED SESSION AT 4:01 P.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code 54957: Public Employee Performance Review: Title: General Manager.

Under Government Code 54957.6: Conference with Labor Negotiator. Agency Designated Representative: Gerald Pasek. Unrepresented Employee: District General Manager.

Under Government Code 54957: Public Employee Performance Review: Title: District General Counsel.

5/6. BOARD RECONVENED TO OPEN SESSION AT 5:02 P.M. AND REPORTED THE FOLLOWING:

Under Government Code 54957: Public Employee Performance Review: Title: General Manager. Nothing to report.

Under Government Code 54957.6: Conference with Labor Negotiator. Agency Designated Representative: Gerald Pasek. Unrepresented Employee: District General Manager. Nothing to report.

Under Government Code 54957: Public Employee Performance Review: Title: District General Counsel. Nothing to report.

7. COMMENTS FROM THE PUBLIC

Phil Neth, Rio Oso Drive, commented on his concern with water being put in Guadalupe Detention Basin. Ed Crouse stated that in 1997 when the duplexes were built, the developers made an agreement with Rancho Murieta Association (RMA) to enhance the detention basin. The 12 homes

surrounding the basin all pay an additional charge on their RMA bill to pay for the maintenance and upkeep. Director Martel suggested Ed speak to RMA regarding Mr. Neth's concerns.

8. CONSENT CALENDAR

Motion/Belton to adopt the consent calendar. **Second/Gumbinger**. **Roll Call Vote: Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

9. STAFF REPORTS

Under Agenda Item 9 b, Director Pasek asked about the new health care contract. Darlene Gillum stated that there is no change to any of the District's plans benefits. Premium cost increase 2% for lowest cost HMO.

10. CORRESPONDENCE

None.

11. RECEIVE PRESENTATION ON PROPOSED HIGHWAY 16 RELINQUISHMENT

Michael Penrose, County of Sacramento Department of Transportation Director (SacDOT) gave a brief summary of the County's position for accepting the relinquishment of State Route 16 (Jackson Highway), approximately 10 miles of Highway 16 east of State Route 50. Sacramento County, Sacramento City and the City of Rancho Cordova would take control and plan to change the section from Power Inn Road to Grant Line Road to a 6 lane road, with bike lanes, and add 12 more traffic lights. This project, if it goes through, will take 30 to 50 years to complete.

Director Ferraro commented on the dangerous conditions for bike lanes on Scott Road and suggested the bike lane signs be removed.

Charles Field, Amador County Transportation Commission (ACTC) gave a brief summary of ACTC's opposition to the relinquishment. ACTC would like to keep Highway 16 an expressway. Amador County will be holding a workshop next Thursday, January 23, 2014 to discuss this matter with the community.

SacDOT and ACTC will also be making a presentation to the Rancho Murieta Association (RMA) Board of Directors.

Supervisor MacGlashan commented that Caltrans has stated that they will not be doing any enhancements to Highway 16, they will only do basic maintenance. Supervisor MacGlashan feels that with the upgrades the County wants to do, the road will be much safer to drive on.

Ted Hart commented on how interesting he feels the discuss was, that he feels Caltrans is effecting development, and that he is glad it was brought to the Board's attention.

12. RECEIVE DROUGHT PLANNING UPDATE

a. Dry Year Status and Drought Tracker Model Presentation by Lisa Maddaus

Lisa Maddaus, Maddaus Water Management, stated that 2013 was the driest year ever on record and gave a presentation regarding the current dry conditions, overview of dry year conditions and

forecasts, current and historical reservoir supplies and demands, and the recommendation to have the Board declare a Stage 2 Water Alert, which calls for a voluntary 20% cut in water use. A discussion followed.

Director Martel asked if it would be beneficial for the District to deepen reservoirs to be able to increase capacity. Ed Crouse stated that it is actually better to increase the volume by raising the dam level, but the cost prohibits it being done.

b. Diversion Rates and Timing

Ed Crouse gave a brief summary of the water diversion rates and timing. The District cannot divert until the river flows are 70 cfs. Currently, the river flows are 22-24 cfs.

c. Augmentation Well Construction Update

Ed Crouse gave a brief summary of the status of the augmentation well(s) construction. The goal is to have the well(s) on line by September 1, 2014. This allows a nine (9) month window to complete design, bid, and construction. However, we have several contingencies planned if critical items are not ready by September.

d. Stage 2 Drought Declaration

Ed Crouse gave a brief summary of the recommendation to have the Board declare a Stage 2 Water Alert effective February 1, 2014. Under a Stage 2 Water Alert, the District is required to provide customers a 10 day notice of implementing Stage 2 water demand reduction measures.

Director Martel stated that he is against tiered pricing and feels the District should reward customers who do conserve water. Ed Crouse stated that approval of the Stage 2 Water Alert does not make tiered pricing effective, that will have to come back to the Board for approval at a future date.

In addition, the District Drought Communication Outreach and Education Plan include special mailings, press releases, conservation tips, drought fairs, new website page, and landscape watering restrictions, enforcement and fines.

Motion/Gumbinger that based on the ongoing drought conditions that adversely impact the District's ability to fill its three (3) water supply reservoirs, the Board finds that a potential water shortage exists and hereby declares a Stage 2 Water Warning and that customers should reduce their water usage by at least 20%. **Second/Belton. Roll Call. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

16. APPROVE GENERAL MANAGER RECRUITMENT PROPOSAL (taken out of order)

President Pasek stated that he was surprised by the Personnel Committee's recommendation. Director Belton stated that she called references listed in the proposals and feels that Peckham and McKenney would be better. President Pasek agreed.

Director Gumbinger stated that the Personnel Committee Directors reviewed and rated all three (3) proposals separately and each recommended BHI Management Consulting but has no

objection to Peckham and McKenney. Director Ferraro stated that she felt BHI Management Consulting allowed for the Board to be most involved in the process. Director Martel suggested interviewing all three (3) firms after the Board Goal Workshop.

Motion/Belton to approve the proposal from Peckham and McKenney for general manager recruitment in an amount not to exceed \$25,000. Funding to come from Administration Operating Budget. **Second/Pasek. Ayes: Pasek, Belton, Gumbinger, Martel. Noes: Ferraro.**

17. APPROVE GENERAL MANAGER'S EMPLOYMENT AGREEMENT AMENDMENT

Jonathan Hobbs, District General Counsel, stated the only change to the General Manager's Employment Agreement Amendment, Attachment A is the addition of a provision making a payment to the General Manager to off-set the additional tax liability resulting from the General Manager making a 5% PERS contribution, as opposed to a 3% contribution. The payment will be made no later than June 30, 2014. Director Martel commented that he did not want to raise the General Manager's salary.

Motion/Belton to approve the proposed Seventh (7th) Amendment to the Employment Agreement for the General Manager and the Board to authorize the Board President to sign the amendment on behalf of the District with the above noted change. **Second/Gumbinger. Ayes: Pasek, Belton, Gumbinger, Martel. Noes: Ferraro.**

Director Belton left at 7:50 p.m.

13. RECEIVE BUDGET PROCESS AND SURPLUS FUNDS PROCESS PRESENTATION

Darlene Gillum gave a brief summary of the budget process. The District uses a blended 'zero based budgeting' approach. If there is a proposed rate increase, the "Worst Case" budget presented to the Board in March is used for the Prop 218 Notice of Rate Increase Public Hearing. The goal of the budget process is to have the budget approved and adopted at the June Board meeting, for any rate changes to be in effect July 1. A question and answer period followed. Director Martel will be meeting with Darlene to go over the budget.

Darlene gave a brief summary of the surplus funds process. Surplus is revenue less expenses. At the end of each fiscal year, the surplus or shortage rolls into the fund's net position. A Working Capital ratio of 3 to 6 months coverage is generally accepted for operating reserve. If more, a recommendation is made to the Board to transfer a portion to Capital Replacement Reserves. A question and answer period followed.

14. REPORT BACK ON SECURITY AD HOC COMMITTEE FORMATION

Director Martel gave a brief summary of his proposed Security Ad Hoc Committee. The goal of the Committee is to enhance the Security Surveillance Camera Plan and Security Strategic Plan to reduce crime, including vandalism and thefts, throughout the community with the use of surveillance cameras. Membership will consist of Director Martel, Security Chief Remson, and 3-6 community members. The Committee will meet 3 to 4 times and a recommendation will be made to the Board at the June 2014 Board meeting.

Jonathan Hobbs, District General Counsel, stated that any public that are on the Ad Hoc Committee are subject to the Brown Act.

Motion/Ferraro to approve the proposed Security Ad Hoc Committee. **Second/Gumbinger. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None. Absent: Belton.**

15. RECEIVE UPDATE ON WATER TREATMENT PLANT EXPANSION PROJECT

a. Water Treatment Plant Cost Tracking Spreadsheet

Darlene Gillum stated that District labor costs will be included in future spreadsheets

b. Financing Alternatives

Darlene Gillum gave an update on the Water Treatment Plant Expansion Financing alternatives and the recommendation that the District initially self-fund the District's \$3.0mm cost share and execute a reimbursement resolution at the February Board meeting which will allow the District time to evaluate whether internal reserve borrowing or obtaining a private placement is the best option. A discussion followed.

Director Martel suggested looking into whether the District has any EDUs to sell.

c. CEQA Initial Study/Negative Declaration Update

HDR completed the Initial Study/Mitigated Negative Declaration (IS/MND) including the back wash waste line. It has been sent to the State Clearinghouse and released for review. It is also posted on our website. Comments are due back by February 10, 2014. A Board hearing for final public comments and approval will be scheduled for our February Board meeting.

d. Design Update

HDR completed 100% plans and specifications on January 8, 2014. Roebbelen is now preparing trade bidding packages. They expect to release the bid packages early next week. A pre-job meeting and site walk through is scheduled for January 23, at 10:00 a.m.

e. Trade Contractor Prequalification

Nothing new to report.

f. Approve GE Contract for Membrane System

Ed Crouse gave a brief summary of the recommendation to approve the contract with GE for the membrane equipment for the Water Treatment Plant Expansion Project. The 10 year warranty includes 2 years full replacement and 8 years pro-rated.

Motion/Gumbinger to approve the GE contract for membrane equipment for the Water Treatment Plant Expansion Project and authorize the General Manager to execute the contract in substantially the form presented, subject to approval as to form by the District's General Counsel, in an amount not to exceed \$2,173,800. Funding to come from Water Replacement Reserves, subject to reimbursement from developers for their fair share of core cost and treatment membranes, as costs are incurred. **Second/Martel. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None. Absent: Belton.**

g. Approve HDR Fee Agreement Amendment #1

Ed Crouse gave a brief summary of the recommendation to approve the amendment for additional services submitted by HDR related to the Water Treatment Plant Project. This work, which has been identified as being required, includes design of septic tank pumping station and force main, design of miscellaneous site improvements, design of miscellaneous instrumentation and control improvements, and additional meetings.

Motion/Gumbinger to approve HDR Water Treatment Plant Expansion Project Fee Amendment #1, in an amount not to exceed \$62,204. Funding to come from Wells Fargo Letters of Credit. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None. Absent: Belton.**

18. REVIEW AND SELECT CONFERENCE/EDUCATION OPPORTUNITIES

Director Gumbinger will be attending the California Special Districts Association How to be an Effective Board Member conference on January 30 2014 in Sacramento.

Motion/Gumbinger for Director Martel and Chief Remson to attend the ISC West Security Conference in Las Vegas April 2 - 4, 2014. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None. Absent: Belton.**

19. MEETING DATES/TIMES

No changes.

20. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF

Paul Siebensohn commented on conserving water, the District contracting with a leak detection service, and staff will be tagging doors of water wasters.

President Pasek stated that the District will be looking for a new legal counsel as Jonathan Hobbs' last day representing the District is March 31, 2014.

Director Gumbinger commented on his concern about the increase landscape with the new North Gate.

Director Ferraro stated the next Parks Committee meeting may be on January 28 or 29. Bike trails will be on the agenda.

Ed Crouse stated he will be on vacation April 18 - 25, 2014.

21. ADJOURNMENT

Motion/Gumbinger to adjourn at 9:06 p.m. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None. Absent: Belton.**

Respectfully submitted,



Suzanne Lindenfeld

District Secretary