

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Board of Directors Meeting

MINUTES

December 18, 2013

3:30 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 3:30 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**

**Motion/Gumbinger** to adopt the agenda. **Second/Belton. Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

## **3. SPECIAL ANNOUNCEMENTS AND ACTIVITIES**

None.

## **4. BOARD ADJOURNED TO CLOSED SESSION AT 3:31 P.M. TO DISCUSS THE FOLLOWING ITEMS:**

*Under Government Code section 54956.8: Conference with Real Property Negotiators - 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 Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: CSGF Rancho Murieta, LLC, BBC Murieta Land, LLC, Murieta Retreats, LLC, PCCP CSGF RB PORTFOLIO, LLC. Under Negotiation: Price and Terms.*

*Under Government Code section 54956.8: Conference with Real Property Negotiators – Real Property APN 128-0080-067 and APN 128-0100-029. Real Property Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: Cosumnes River Land, LLC and Rancho Murieta Properties, LLC. Under Negotiation: Price and Terms.*

*Conference with Legal Counsel – Anticipated Litigation. Initiation of litigation pursuant to Government Code Section 54956.9(c): (One Potential Case).*

*Conference with Legal Counsel – Anticipated Litigation. Significant Exposure to Litigation Pursuant to 54956.9(b): (Three (3) Potential Cases).*

*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.*

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

*Under Government Code section 54956.8: Conference with Real Property Negotiators - 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 Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: CSGF Rancho Murieta, LLC, BBC Murieta Land, LLC, Murieta Retreats, LLC, PCCP CSGF RB PORTFOLIO, LLC. Under Negotiation: Price and Terms. Nothing to report.*

*Under Government Code section 54956.8: Conference with Real Property Negotiators – Real Property APN 128-0080-067 and APN 128-0100-029. Real Property Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: Cosumnes River Land, LLC and Rancho Murieta Properties, LLC. Under Negotiation: Price and Terms. Nothing to report.*

*Conference with Legal Counsel – Anticipated Litigation. Initiation of litigation pursuant to Government Code Section 54956.9(c): (One Potential Case). Nothing to report.*

*Conference with Legal Counsel – Anticipated Litigation. Significant Exposure to Litigation Pursuant to 54956.9(b): (Three (3) Potential Cases). Nothing to report.*

*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.*

## **7. COMMENTS FROM THE PUBLIC**

None.

## **8. CONSENT CALENDAR**

**Motion/Gumbinger** to adopt the consent calendar. Director Belton stated she requested the Security Committee minutes include her comment that Director Martel be given a copy of the last couple of surveys which show residents very happy with security despite his allegations that “everyone” thinks it is bad. **Second/Belton. Roll Call Vote: Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

## **9. STAFF REPORTS**

Under Agenda Item 9 b, Director Belton commented on the increase in water use by the residents and an article in the Sacramento Bee regarding a possible drought. Ed Crouse stated that the drought concern is state wide and that staff will report back in January on the status of the District’s water supply.

President Pasek asked that District labor be included in the Water Treatment Plant Expansion Project Spreadsheet.

Director Martel commented on an excess in money received in November. Darlene Gillum stated that the outstanding amount is due to an increase in water use last month.

## **10. CORRESPONDENCE**

None.

## **11. APPROVE CFD #1 REFUND REQUEST FROM DISTRICT'S GENERAL FUND**

Darlene Gillum gave a brief summary of the recommendation to refund Donald Kurtz \$1,399.50 for his pre-payment of his CFD #1 Mello-Roos taxes.

Legal opinion is that since Mr. Kurtz paid off the Mello-Roos according to the CFD #1 Rate and Method he is not legally entitled to any refund. Director Gumbinger mentioned that Mr. Kurtz did receive a credit on his taxes for the payment.

Director Martel commented on residents participating in the Mello-Roos getting a refund from any money left after all payments have been made. Darlene stated that after everything has been paid, if there is a "material" amount left, then a refund will be provided.

Director Ferraro commented on her concern regarding the possibility of there not being enough to pay all the bills if Mr. Kurtz is refunded moneys now. President Pasek suggested waiting to provide the refund, contingent upon closeout.

**Motion/Pasek** to refund Donald Kurtz \$1,399.50 for his prepayment of CFD #1 Mello-Roos taxes. Funding to come from the District's General Fund, contingent upon monies available upon close out of CFD #1 and last billing of District administration time. **Second/Belton. Roll Call Vote: Ayes: Pasek, Belton, Gumbinger, and Martel. Noes: Ferraro.**

## **12. RECEIVE MASTER RECLAMATION PERMIT REPORT OF WASTE DISCHARGE**

Ed Crouse gave a brief summary of the Master Reclamation Report of Waste Discharge and the Permit Application. Once submitted, it will likely take the Regional Board up to one (1) year to approve.

Director Belton asked if in the future there will be a need to hire a staff person to monitor recycled water use. Ed stated a Recycled Water Compliance Officer will be needed for monitoring and training in the use of recycled water.

**Motion/Martel** to receive Report of Waste Discharge Administrative Draft for the District's Master Reclamation Permit Application and direct staff to proceed with filing of the Master Permit Application. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

## **13. APPROVAL OF 670 GROUP FINANCING AND SERVICES AGREEMENT**

Jonathan Hobbs, District General Counsel, gave a brief summary of the 670 Group Financing and Services Agreement. The District will sign once all the developers have signed and have their signatures notarized. Once signed, the \$109,000 for legal fees that is in escrow will be released to the District.

Director Belton asked if the 670 Group is okay with Exhibit H that was prepared by John Sullivan who is not a party to the 670 Group Financing and Services Agreement. Les Hock stated that they

are fine with it, as the numbers are preliminary subject to final accounting. Director Belton also stated she wanted it to be clear that the District is not going to be involved in developer disagreements that may occur.

Director Martel suggested that a reconciliation be done to show who has paid for what water. Director Martel also asked that staff and Directors disclose any relationship they have with any of the developers. Ed Crouse stated that over 20 years ago, before he worked for the District, he worked for some engineering firms that may or may not have worked with any of the developers. Ed stated he personally has no recollection of having worked with any of them. Director Martel stated that is not what he has heard from a resident.

**Motion/Gumbinger** to approve the 670 Group Financing and Services Agreement as written with the following revisions: Revise Section 2.2, Irrigation Easement, to insert reference to Exhibit H and Exhibit H-2; to reflect an annual adjustment factor on the easement reimbursement based on the Engineering News Record (ENR); to insert that easement reimbursement is payable upon water permit issuance; and that the transfer of the Van Vleck easement shall be done at signing of the FSA or as soon as practical thereafter. **Second/Belton. Roll Call Vote: Pasek, Belton, Ferraro, Gumbinger. Noes: Martel. Director Martel then asked that his vote be changed to Abstain.**

#### **14. APPROVAL OF RANCHO NORTH AND MURIETA GARDENS FEE AND SERVICES AGREEMENT TERM SHEET**

Ed Crouse gave a brief summary of the Rancho North and Murieta Gardens Fee and Services Agreement Term Sheet. The final Financing and Services Agreement is to be completed by February 1, 2014.

Director Martel asked Mr. Sullivan why he is willing to loan the District money for the Water Treatment Plant Expansion Project. Mr. Sullivan stated that there is a gap in funding and it is in the best interest of everyone to proceed.

**Motion/Gumbinger** to approve the proposed Term Sheet for the Rancho North and Murieta Gardens Fee and Services Agreement, the 12/18/13 version. **Second/Ferraro. Roll Call Vote: Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: Belton.**

Director Martel asked that the Peer Review the County had conducted be made available to the public as well as Janis Eckard.

#### **15. REPORT BACK ON WATER TREATMENT PLANT EXPANSION FINANCING ALTERNATIVES**

Darlene Gillum gave a brief update on the Water Treatment Plant Expansion financing alternatives. US Bank may not work out as they require a sufficient revenue stream be in place as a condition of loan approval that provides a 1.25 coverage ratio.

Wells Fargo is considering two (2) financing options: a tax-exempt offering and a taxable offering. They are currently considering an un-secured loan but may move toward requiring some security for the financing. Private placement funding and use of reserves is also being looked at.

Director Martel stated he liked the idea of using reserves and commented on the District already being \$900,000 under budget for this fiscal year. Darlene stated that the District is currently \$136,000 under budget due to this being a dry year, not \$900,000 as Director Martel stated.

## **16. WATER TREATMENT PLANT EXPANSION**

### **a. Report Back on Design and Bidding Status**

Ed Crouse gave a brief update on the design and bidding status. HDR is completing the Initial Study/Mitigated Negative Declaration (IS/MND) to analyze the potential environmental impacts of the Water Treatment Plant Expansion Project under the California Environmental Quality Act (CEQA). The goal is to have the final by the end of the month for submittal to the State Clearinghouse for distribution and 30 day statutory review period, and Board approval at the District's February 2014 Board meeting.

HDR completed 90% plans and specifications. Staff and Roebelen are reviewing the plans and specifications to make sure previous comments and suggestions are addressed. The goal is to release the bid notice in early January 2014 and a bid opening in early February 2014, with contract award at the February 2014 Board meeting.

### **b. Report Back on Mechanical and Electrical Prequalification Responses**

Ed Crouse stated the deadline for submitting prequalification responses was Friday, December 13, 2013. A total of 16 responses were received, 8 mechanical and 8 electrical. Roebelen is reviewing the submittal packets to see which contractors are qualified.

### **c. Approve Sole Source Contracting for GE Submerged Membrane Technology**

Ed Crouse gave a brief summary of the recommendation to approve the sole source contracting for GE Submerged Membrane Technology for the Water Treatment Plant Expansion Project.

**Motion/Gumbinger** to approve sole source contracting for GE Submerged Membrane Technology for the Water Treatment Plant Expansion Project, adopt a finding supporting the use of the GE Submerged Membrane Technology as a sole source component, and direct staff to include this component in the bid specifications as the only acceptable component for the Project. **Second/Martel. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

### **d. Receive Update on Contract with GE as Supplier for Membrane Equipment**

Ed Crouse gave a brief update on the contract negotiations with GE. The goal is to bring the contract to the Board for approval in January 2014.

## **17. APPROVE AUGMENTATION WELL TECHNICAL MEMORANDUM RECOMMENDATION**

Paul Siebensohn gave a brief summary of the recommendation to approve the Augmentation Well Technical Memorandum recommendation prepared by Dunn Environmental, Inc. Some treatment of the water on the well site may be needed.

**Motion/Gumbinger** to proceed with Option 2 which is at site TH-A, within the District's levee and a close tie-in to the distribution system on Cantova Way. **Second Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

**18. REPORT BACK ON SECURITY SURVEILLANCE CAMERA AD HOC COMMITTEE FORMATION**

Director Martel stated he has a list of some residents he would like to have on the Committee. Director Belton stated she will contact Steve Mobley to see if he is interested.

President Pasek requested that Director Martel report back to the Board in January with an outline of what the purpose of the Committee will be and a list of possible members. Jonathan Hobbs reminded the Board that anyone on the Committee will be subject to the Brown Act.

**19. APPROVE GENERAL MANAGER’S EMPLOYMENT AGREEMENT AMENDMENT**

President Pasek stated that this item is being deferred.

**20. COMMITTEE ASSIGNMENTS**

All elected Directors had previously submitted their requests for various committee assignments. With due consideration for the requests, President Pasek made the following committee assignments:

- Communication & Technology Committee: Betty Ferraro, Michael Martel
- Finance Committee: Roberta Belton, Gerald Pasek
- Improvements Committee: Gerald Pasek, Paul Gumbinger
- Joint Security Committee: Roberta Belton, Betty Ferraro
- Personnel Committee: Betty Ferraro, Paul Gumbinger
- Parks Committee: Betty Ferraro, Michael Martel (alternate)
- Security Committee: Roberta Belton, Michael Martel
- Regional Water Authority: Gerald Pasek

**21. NOMINATIONS FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

**Motion/Belton** to nominate Darlene Gillum to be nominated for the California Special Districts Association Region 2, Seat C Director for the remainder of the 2012-2014 term. **Second/Gumbinger. Darlene Gillum accepted the nomination. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

**22. 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.

**23. MEETING DATES/TIMES**

Security Committee meetings will be held on the last Friday of each month.

**24. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF**

Paul Siebensohn stated that the Main Lift North project has not been completed yet due to the contractor having to replace the subcontractor that has gone out of business.

President Pasek thanked staff for all the work done to get the Financing and Services Agreement and the Term Sheet completed.

Director Belton wished everyone a Merry Christmas and stated that the Board needs to give direction to staff regarding the union negotiations that will take place in 2014 and asked that the Board again limit raises for non-represented employees as budget preparation begins soon. Darlene stated that in January she will provide the Board with a presentation on the budget process.

Director Martel stated that it looks like there will be another rate increase to the rate payers and feels the District is not conducting business the right way. President Pasek stated that all the Directors are concerned about rate increases.

Director Ferraro commended Patrol Officer Rick Tomkins for going above and beyond in helping a resident find her cell phone.

Ed Crouse gave a brief review of the December Presidents' meeting. Topics discussed included the new North Gate, the water treatment plant design, the financing and services agreement, Rancho Murieta Country Club removing spoils from 16 & 17, scheduling 13 North culvert replacement in July 2014, update on chicken problem, update on geese problem, and presentation to be made at the January Board meeting regarding relinquishment plans for Highway 16.

Director Gumbinger commented on previous attempts to get the speed limit down to 45 M.P.H. and suggested the District and RMA again to try lower the speed limit.

## **25. ADJOURNMENT**

**Motion/Gumbinger** to adjourn at 6:52 p.m. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

Respectfully submitted,



Suzanne Lindenfeld  
District Secretary