

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Special Board of Directors Meeting

MINUTES

July 18, 2013

9:00 a.m.

## **1. CALL TO ORDER/ROLL CALL**

President Gerald Pasek called the special meeting of the Board of Directors of Rancho Murieta Community Services District to order at 9:00 a.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, Director of Administration; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

## **2. ADOPT AGENDA**

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

## **3. COMMENTS FROM THE PUBLIC**

None.

## **4. WATER TREATMENT PLANT UPGRADE AND EXPANSION PROJECT**

### **a. Discuss 30% Basis of Design Report – Presentation by Rich Stratton, HDR**

Rich Stratton, HDR, gave a PowerPoint presentation on the Draft Basis of Design Report. The objectives of the study are to establish current and projected demands, review regulatory requirements, and evaluate new membrane technology alternatives for the water treatment plant. Areas discussed in the presentation included: existing water demands, future water demands, existing water treatment plant limitations, regulatory considerations, treatment plant expansion membrane alternatives, comparison of alternatives, sodium hypochlorite conversion, and ozonation system. A question and answer period followed.

Director Martel asked about the electrical costs with a new membrane system. Mr. Stratton stated that the power costs are usually lower than what we are paying with our current system.

After a discussion, by consensus, the Board agreed to going with a submerged membrane system.

The Board took a break at 10:24 a.m. and returned at 10:29 a.m.

### **b. Review Financing Alternatives**

Darlene Gillum gave a PowerPoint presentation regarding the financing options available to the District for financing the water treatment plant upgrade and expansion. The options include General Obligation Bonds, Revenue Bonds, Assessment Districts, Mello-Roos Community Facility Districts, Certificates of Participation (COP), Enterprise Fund Based COPs, and private placement bank loan. A question and answer period followed.

Ted Hart commented on checking to see what kind of financing GE is willing to offer.

Darlene stated that a decision on the financing will be made after the Financing and Services Agreement has been signed and the District knows the amount that will need to be financed, but the private placement bank loan, at this time, did appear to be the best option.

### **c. Discuss Procurement Methods**

Ed Crouse reviewed procurement methods available. They are Design, Bid, Build, and Construction Manager at Risk.

The pros for the Design, Bid, Build option are: best understood; longest legal history, can produce highly competitive pricing; bottom line costs; auditors, attorneys, public officials are most comfortable with this method; default method for government well suited to uncomplicated projects with straight forward objectives; and adequate time; and least personality driven. The cons are: inherently antagonistic, can create significant legal issues when unforeseen problems arise, low bids can encourage high change orders, can be difficult for inexperienced contractors in constrained environments, owner liable for design errors and change orders, delay claims and disputes are common, can be dangerous for inexperienced owners, guaranteed price late in process, and the books are closed.

The pros for the Construction Manager at Risk are: can work well for projects where early construction contractor participation is desired for coordination among trades; complex scheduling addressed early; resolving challenging constructability issues early in the process; provides more certainty to the owner than design/build; clear schedule under control of CM at Risk; explicit design geared for various trades; suitable where facility must continue to operate during construction; pricing and cost model are developed along with design; owners get to select designer and construction manager; and opportunities for fast tracking. The cons are: Architect and CM at Risk have separate contractual relationships with the owner which can be a source of conflict; owner must invest equal degrees of control to both parties; needs to have the right mesh of personalities; project staff turnover can create problems; owners need to have sufficient expertise to manage both CM at Risk and Architect.

Ted Hart commented that the District needs to consider who will be in charge of the construction project.

Mo Chaudhry commented on a third option which is to have the designer responsible for everything including the construction. Ed stated that the Improvements Committee looked at that option and felt it is a conflict of interest for one company to have control over the entire project.

After a discussion, by consensus, the Board agreed to go with the Construction Manager at Risk. Ed stated he will work with legal counsel to get the advertisement out the beginning of next week. A selection committee will review the applications and recommend the top one (1) or two (2) to be interviewed by the Board and the contract approved at the August Board meeting.

Les Hock commented on the amount the District will need to fund will be clear after the signing of the Financing and Services Agreement.

John Sullivan suggested language be put in the Financing and Services Agreement which would require the developers to pay their fair share of the water treatment plant upgrade and expansion.

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

No comments.

**6. ADJOURNMENT**

**Motion/Gumbinger** to adjourn at 11:55 a.m. **Second/Belton. Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

Respectfully submitted,



Suzanne Lindenfeld  
District Secretary