



**BOARD OF DIRECTOR'S MEETING
ESPARTO COMMUNITY SERVICES DISTRICT
ESPARTO, CA**

REGULAR MEETING
FEBRUARY 20, 2013
MINUTES

(1) CALL TO ORDER

Chair Melissa Jordan called the meeting to order at 7:12 pm.

(2) PLEDGE OF ALLEGIANCE

All residents and members in attendance recited the pledge

(3) ROLL CALL

Present:

- Directors: Melissa Jordan, Anna Girk, Charles Schaupp
- District Counsel: Not present
- General Manager: Mel Smith
- Board Clerk: Mel Smith

Absent:

- Colleen Fescenmeyer
- Steve Knightley

Public: Public present

(4) APPROVAL OF AGENDA

Chair Melissa Jordan entertained a motion to approve the agenda.

Motion by; Director Charles Schaupp to approve the agenda as presented

Second by: Director Anna Girk

Discussion: none

Vote: Ayes: 3 No: 0 Abstain: 0 Motion: Passed

MJ
3/20/13

(5) PUBLIC COMMENTS

Chair Melissa Jordan opened public comments – no public present

(6) CORRESPONDENCE

- a) VFW Thank You Card – General Manager indicated a thank you note has been sent.

- b) CDBG Loan Document (May 30, 2003) – General Manager explained this was a loan obtained from the county in 2003 for \$172,000, the county forgave \$84,000 and the district is making payments of \$6,000 per year on the balance of \$88,000. The State Revolving Fund requested a copy of the actual loan documents on the CDBG loan and both of the USDA loans. Chair Melissa Jordan asked what the interest rate is on the loan. General Manager indicated it was 3%

- c) Audit Report 2012 – General Manager indicated he received the audit back and electronically sent it on to the State Revolving Fund as requested. Chair Melissa Jordan questioned the restricted labeling and the meaning of deferred revenue and asked the General Manager to have an answer at the next meeting.
Chair Melissa Jordan referenced the last paragraph of the report and asked why the manager's discussion was omitted. She went on to note page 11 which talked about concentration of risks and credit risks, as this was new she felt we should look into this subject and have further dialog once we obtain a few answers.
Chair Melissa Jordan stated she understood the districts money was safe with the county, but considering our obligations as a standalone entity that is using the county primarily to pay our bills we need to pay more attention to all points of view.
General Manager referenced the comment on custodial credit risk, basically he is making the board aware the county is investing the district funds without identifying which investment they have placed the district money into, therefore it's an unregulated custodial credit risk.
Questions followed on if the district was receiving interest on the funds placed with the county, if the funds were insured, can the district move these funds into FDIC insured accounts. Indication by board this should be looked into.

(7) APPROVAL OF MINUTES

Chair Melissa Jordan indicated we will have to dispense with the approval of the minutes of January 2 and February 6 as we do not have a quorum of officers present that attended those meetings. Both sets of minutes will be deferred to the next meeting.

MJ
3-20-13

Chair Melissa Jordan questioned the statement made about the Highway 16 project on the manager's report of February 6 referencing the Cal Trans improvements; she indicated she did not understand the statement.

Director Charles Schaupp: at the Cal Trans meeting they stated they were going to do the improvements but no drainage improvements would be included as the people of the community had hoped for.

Chair Melissa Jordan stated there was no agreement in the previous one, Cal Trans asked Yolo County to provide. This version did not even consider drainage improvements as they were not going to raise the road at all.

General Manager indicated he studied the prior projects improvement plans and there was millions of dollars in drainage improvement work all the way along Highway 16.

Chair Melissa Jordan responded the drainage proposals were all contingent on the county funding it. I was on the Advisory at the time and frustrated with Cal Trans refusal to fund the drainage improvements needed for the community.

Director Charles Schaupp clarified the minutes reflected Mel's statement that he agreed with you about the loss of the drainage improvements as it was an unfortunate thing for the community.

(8) CLAIMS: FUND 466-0 REGULAR MONTHLY

Chair Melissa Jordan entertained a motion to approve the claims

Motion by: Director Anna Girk to approve the claims

Second by: Director Charles Schaupp

Discussion: Question on the cost of the audit and bill presented.

Vote: Ayes: 3 No: 0 Abstain: 0 Motion: Passed

(9) REVIEW OF MERCOSA CORRERSPONDENCE AND PREPARE AN APPROPRIATE RESPONSE

General Manager referenced the documentation regarding the MERCOSA water bill issue and their lack of payment to the district for their water usage.

7:35 pm – Chair Melissa Jordan indicated Director Colleen Fescenmeyer had arrived at the meeting.

General Manager referenced a letter from the County Service Area Manager Regina Espinoza appearing to request payment arrangements when in fact she is asking to not pay the water bill for 6 months of the year.

Chair Melissa Jordan indicated her interpretation references they have been being billed for water that is not being provided nor has been for almost 1 ½ years. She is stating the water has not been turned on.

General Manager indicated that is not a true statement. He went on to reference her

MJ
3-20-13

comment regarding an agreement between her and the previous General Manager and indicated she had enclosed a copy of a letter stating that agreement, however no letter was included. In checking district files the letter being referred to had no indication of what she is stating nor did have anything to do with this subject.

General Manager reviewed the history of the MERCSA project from its onset. The prior General Manager told them they would be responsible for payment of the water bills after the initial beginning of project. History of payment options were reviewed. General Manager indicated shortly after he came on board, the staff received an e-mail from MERCSA to shut the water off on all accounts starting Nov. 1, 2011, as this was an instruction from a customer it was pretty much done. General Manager informed Chris Starkey this would not be done again as no one else is receiving this kind of special consideration.

One concern was the backflow on the meters in question which could generate repairs when water is turned off. MERCSCA was instructed they would have to have the backflows inspected, Jason explained to Chris Starkey that most of the backflows would not pass the test, virtually all meters failed. Backflow devices were repaired and water was turned back on. Pipes were damaged and broken everywhere, Jason turned their shut off valves off and informed Chris Starkey of the needed repairs. No one was sent from MERCSCA to make the repairs. The district made the repairs and put the water system back on for the community.

Question: How do we resolve this problem?

General Manager: not aware of any way for the district to resolve. Right now this is all pending at LAFCO, we have requested to take over all MERCSCA operations within our boundaries and the corresponding revenue that comes from within our boundaries.

Chair Melissa Jordan: important to respond to her letter of Oct. 17 inclusive of the letter of Jan. 17 due to our communication with LAFCO in the interest of taking over the obligations which MERCSCA is not fulfilling within the boundaries of the Esparto community we respond in this way and just respond line by line. She is making statements that would benefit us to respond to her and cc to John Bencomo, the Board of Supervisors and LAFCO as well as a letter to the Democrat to let the community know what we are doing. Having the landscaping die is not acceptable.

General Manager: referenced a comment made in the letter of January 17 of her the intent to process a 218 to raise the assessment to cover the bills. Does not feel this will take place.

Additional discussion followed on the MERCSCA and the retention basins.

Chair Melissa Jordan: include in the letter that the ECSD has been accountable and responsible to the community in repairing the lines that irrigate these retention basins. She indicated there has been no response to the e-mails she sent regarding the retention basins. We want the retention basins properly maintained, the landscape to be watered and maintained for the betterment of the community and they are not addressing the needs of the community from which they are receiving the revenue and are obligated to maintain.

MJ
3-20-13

General Manager: we have continued to bill for the services.

Director Charles Schaupp: I see this as two issues, one being their contractual obligation to pay their water bill both in the past, currently and in the future as long as they exist as the responsible party and secondly, in the future we may take over, but in the mean time they need to pay the water bill.

Chair Melissa Jordan referenced the letter of Oct. 17 where there was a request to have the water turned off until May, 2013.

Chair Melissa indicated the district should take a strong stance on this issue for the betterment of the community. The county obligated the community to having retention basins, people purchased homes around these retention basins with the understanding they would be landscaped and the parkways maintained and its not being done.

Some discussion followed referencing the awareness of the district's request to LAFCO and MERCESA's idea of downsizing the sprinkler system to use a smaller meter and lower their monthly bills.

Chair Melissa Jordan suggested the board direct the General Manager to draft a letter of response. She asked the General Manager if this letter should be sent prior to the next board meeting.

General Manager asked if the board would make a motion to authorize the chair to review and sign the letter, so it could go out prior to next meeting.

Motion by: Director Charles Schaupp to authorize the chair to sign the letter regarding this issue after it has been drafted by the General Manager and to voice our concerns to LAFCO as well as give notice to the appropriate parties.

Seconded by: Director Anna Girk

Discussion: Question regarding number of meters they are currently using.

Vote: **Ayes:** 4 **No:** 0 **Abstain:** 0 **Motion:** Passed

(10) COMMITTEE APPOINTMENTS

Chair Melissa Jordan referenced the Feb. 6 meeting and asked Director Fescenmeyer and Girk if they still desire to serve on the Budget committee. Both responded, yes.

Budget Ad Hoc Committee for 2013 – Director Colleen Fescenmeyer and Director Anna Girk

Chair Melissa Jordan referenced the suggestion that the Policy Committee be formed as an Ad Hoc Committee; she suggested the committee meet for three consecutive

months and then policy changes be brought back to the board in sections for approval. She suggested Director Steve Knightley be appointed to the committee to serve with her as they have already been working on it.

Policy Ad Hoc Committee for 2013 – three month intervals – Director Melissa Jordan and Director Steve Knightley.

Chair Melissa Jordan asked if there were any other committees that need to be formed at this time. Some discussion followed, no additional committees were formed.

(11) MANAGERS REPORT

- a) Sewer Damage Claim update – was not able to contact district insurance agent, nothing to report. Also have not heard from the claimant's insurance carrier. Will follow up with district insurance agent.
- b) Almond Festival update – purchased a water-saving shower head, a couple of sprinklers, an aerator for kitchen faucet and a toilet. Preparing a flyer noting what each item would contribute towards saving water usage in an average home. Show the public in a direct way how they can accomplish the 10-15% conservation to keep their water bills on the low side. Chair Melissa Jordan asked the General Manager to give each of the board a copy of the sign up sheet for the festival.
- c) Leak repair on Campos – leak has been repaired; Jason to put finishing touches on tomorrow. Interesting leak, water coming up through high part of road all the way down middle, quite a tricky leak to find. Some questions and discussion of the leak followed.
- d) Additional Information on SRF – contacted us for additional information on the loan documents for the three loans we have. Might be an opportunity to rewrite one of the USDA loans and up it from the existing balance to include the money we want and get it at the lower interest rate and keep the same monthly payment we have now.
- e) PG&E Spreadsheet – not complete; all accounts on it but only one reconciled to completion. Does not warrant discussion at this time.

(12) FUTURE AGENDA ITEMS

- | | |
|---------------------------|---|
| a) Solar Bee | h) LAFCO Update |
| b) Errors & Omissions | i) PG&E Spreadsheet |
| c) Pending Litigation | j) Auditor Response |
| d) CSA Roles | k) Almond Festival Report |
| e) Job Description Policy | l) Board Training Spreadsheet |
| f) VFW thank you letter | m) Use of 15 acres, options for potable water |
| g) Research Impact Fees | n) Larger Billing Cards |

MJ
3-20-13

(13) ADJOURNMENT

Chair Melissa Jordan entertained a motion to adjourn the meeting

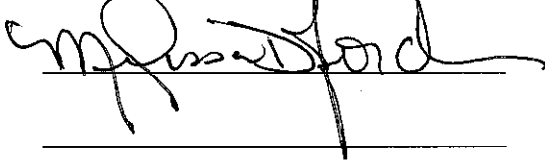
Motion by: Director Charles Schaupp to adjourn the meeting

Second by: Director Anna Girk

Vote: Ayes: 4 No: 0 Abstain: 0 Motion: Passed

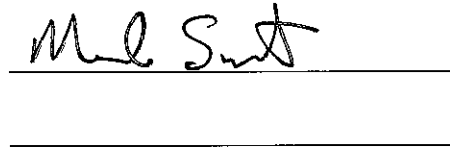
Meeting adjourned at 8:40 pm

Melissa Jordan – Chair of the Board



Date: 3-20-13

Mel Smith - Board Clerk



Date: 3-20-13

MJ
3-20-13

