



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

REGULAR MEETING
FEBRUARY 6, 2013
MINUTES

(1) **CALL TO ORDER**

Vice Chair Steve Knightley called the meeting to order at 7:05 pm.

(2) **PLEDGE OF ALLEGIANCE**

All residents and members in attendance recited the pledge

(3) **ROLL CALL**

Present:

- Directors: Steve Knightley, Colleen Fescenmeyer, Anna Girk, Charles Schaupp
- District Counsel: Not present
- General Manager: Mel Smith
- Board Clerk: Mel Smith

Public: Public present

Absent:

- Melissa Jordan

(4) **APPROVAL OF AGENDA**

Vice Chair Steve Knightley called for a motion to approve the agenda.

Motion by: Director Anne Girk to approve the agenda as presented

Second by: Director Charles Schaupp

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

(5) PUBLIC COMMENTS

Vice Chair Steve Knightley opened public comments – Member of the public reference a claim for sewer damaged, will be discussed under correspondence.

(6) CORRESPONDENCE

- a) E & O memo – General Manager referenced memo from district legal counsel Tom Barth, included in tonight’s package, regarding the statute of limitations for claims of defects in workmanship. A short summary is included in your package; he followed up with a longer description; however it was not received until after the agenda package went out. Question: Vice Chair Steve Knightley asked if we are able to speak on this subject because it’s pending litigation. General Manager indicated we cannot get into details, but the Board had requested information on the statute of limitations for errors and omissions. General Manager referenced the two types of defects, a patent defect which has a statute of limitation of 4 years and a latent defect which has a statute of limitation for 10 years. The distinctive difference is the patent is obvious and the latent is not, time starts at the end of workmanship. Vice Chair Steve Knightley suggested this item be tabled and scheduled for a closed session discussion.
- b) RCAC Training Opportunities – General Manager indicated this was informational correspondence and indicated there is a lot of good training available both in classroom and on line, recommends the Directors take advantage of the classes of interest to them.
- c) CA Form 470 – General Manager indicated this form must be completed annually for all office holders, it’s due by end of February. Completed forms to be turned into General Manager who will retain copies and forward to the election dept. Some discussion followed.
- d) Damage Claim received – General Manager explained the claim received for damage to the interior of a resident’s home due to a sewer problem that caused a backup into the home. Both a claim from the resident and a claim from resident’s homeowner’s insurance carrier were submitted to the districts insurance carrier. General Manager indicated he was informed by the district legal counsel Tom Barth, that he does not have the authority to deny or approve any claim which was also stated by the districts insurance carrier. District carrier indicated they would investigate the claim and make all the necessary contacts to approve or deny. He indicated a draft denial letter was prepared and sent to the District Insurance carrier. Question: Vice Chair Steve Knightley clarified, as I understand this, the district has a claim against it by the resident of \$1,914.85 and an additional claim by Allied Insurance Company of \$5,000 for the money they have already paid, the districts insurance carrier will investigate and decide if there is comparable guilt and decide if they are going to pay on our behalf,

General Manager indicated there is a \$500.00 deductible as well.
Public Comments: Questioned the laterals that were installed on the adjacent property which connected to the property in question causing the sewer backup. Not the only one in the district. Wants district to investigate.

Vice Chair Steve Knightley reaffirmed the districts position as well as the responsibility to its residents and rate payers, and to its rate payer with the clog, our responsibility is also to our bonding insurance agency to not act until they have investigated the claim. He also indicated we need to work with the General Manager to identify any other areas with similar situation.

Director Charles Schaupp stated, the liability for the district is to find where all these laterals are as well as locate the clean outs and to let the residents know where their responsibility ends and the districts begin and determine what the district does own and is responsible for.

Discussion continued on the sewer responsibilities of the district and the settlement of the claim through the insurance companies.

- e) MERCSA Letter - General Manager indicated receipt of a letter from Regina Espinoza regarding the water bill. They do not want to pay for water during the winter months. The last payment received was in September. We have not turned off their water, not sure if sprinklers are working, have not reviewed payment on any of their meters. Sees this as a battle brewing between two public agencies with LAFCO in the middle. LAFCO currently in the process of doing a municipal services review on three agencies, MERCSA, Esparto and Madison CSD. When an agency becomes insolvent it allows for a merger with a solvent agency, we have filed to become that agency. MERCSA representative Regina Espinoza indicates she had an agreement with the prior General Manager to not pay for water usage during the winter months. General Manager has checked the file and cannot find any documentation to support her claim.

Discussion on the issue followed.

Vice Chair Steve Knightley indicated this needs to be placed on the agenda as an action item for discussion, in order to make a decision and respond to her letter. The letter states this is the second request for water service payment arrangements.

General Manager indicated that LAFCO will come out with their recommendations probably within the next two months.

Vice Chair Steve Knightley asked the General Manager to put this issue on the next meeting agenda as an action item.

(7) APPROVAL OF MINUTES

Vice Chair Steve Knightley called for a motion to approve the minutes of January 2, 2013.

There is not a quorum of Directors present who attended the meeting of January 2, 2013. Approval of minutes tabled to next meeting.

Vice Chair Steve Knightley called for a motion to approve the minutes of January 16, 2013

Motion by: Director Anna Girk to approve the minutes of January 16, 2013 as presented.

Second by: Director Colleen Fescenmeyer

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

(8) CLAIMS: FUND 466-0 REGULAR MONTHLY

Vice Chair Steve Knightley called for a motion to approve the claims

Motion by: Vice Chair Steve Knightley to approve three separate claim packages

Second by: Director Colleen Fescenmeyer

Discussion: Some questions on the Toshiba copier contract, double billing entries. General Manager answered questions posed and indicate double entries represent two separate months. Trying to get claims processed so that the Board authorizes payment of claims and not the General Manager in advance of meeting date.

Public Comments: None

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

(9) BUDGET UPDATE AS OF 12-31-12

General Manager presented information on the status of the budget. Bottom line estimate is showing \$160,000 in the positive, General Manager is confident this figure is legitimate. He referenced the last budget update two months back with a positive of \$169,000.

Question: Director Colleen Fescenmeyer inquired if we allocate the \$160,000 for Capital Improvements or maintenance then we would not end up in the black, given the lateral sewer line issue and possible future repair, would be a capital improvement General Manager indicated that would be a maintenance expense which would come out of Maintenance of Building & Improvements.

Director Colleen Fescenmeyer inquired if an emergency contingency reserve could be created.

General Manager indicated yes and referenced the last page.

Additional discussions and questions followed referencing Capital Improvement funds.

Question on why the utilities are going so far over balance. General Manager indicated he does not know, but suspect it could be rate increases from PG&E. Will be working on the PG&E spread sheets to get a better answer for that question.

Vice Chair Steve Knightley asked if there was any additional information on the budget to be presented. None indicated.

(10) ANALYSIS OF VARIOUS RATE OPTIONS WITH POSSIBLE ACTION BY WAY OF RESOLUTION TO APPROVE A PROPOSED METERED RATE STRUCTURE

General Manager presented the Sample A spread sheet and indicated the changes he made to the sheet which included the addition of a column labeled estimated conservation. This is the estimated amount of conservation. A column was also added to include the count, which represents the number of meters in each category. Vice Chair Steve Knightley questioned if the projections were aligned with the budget that was just viewed.

General Manager responded yes and explained how it applies. He then referenced Sample B which shows a deduction in revenue and explained this was due to the proposed new base rate and explained the changes that were made.

Director Colleen Fescenmeyer indicated the board was concerned the first example was not quite fair, this is much better.

General Manager: the accounts with dark lines indicate a reduction in their bill, no dark lines would get an increase.

Director Charles Schaupp voiced a concern over the base rate on single family versus a duplex home both using the same size valve yet one will pay a high base rate than the other, does not feel this is fair. Feels meter rate should be the same.

Discussion followed on this concern.

Director Charles Schaupp suggested we hold off voting until after the Almond Festival and present this schedule at the booth.

Director Anna Girk: if we voted this evening when would the new metered rate structure begin?

General Manager indicated approximately September or October of this year. It will come back to the board in May to be adopted. Prior to May it will go through the public vote where they have the opportunity to vote it down. At this point it is merely a proposed rate structure. From May to September a side by side bill comparison will be sent to each rate payer.

General Manager stated all you are doing this evening is approving a rate structure that the Board is proposing and you're authorizing me to circulate it and go through the 218 process for this rate structure. It still will come back to the board to adopt and set the time line for implementing new rates.

Vice Chair Steve Knightley called for a motion to approve the resolution 13-02 accepting Sample B Metered Rate Schedule.

Motion by: Director Colleen Fescenmeyer to approve resolution 13-02

Second by: Director Anna Girk

Director Colleen Fescenmeyer read the resolution into the record.

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

(11) MANAGER'S COMPENSATION

- Vice Chair Steve Knightley asked if this is a revision of what was previously discussed? General Manager responded, Director Melissa Jordan had asked me to put my request in writing and that is what is before you this evening.

Motion by: Director Anna Girk to approve the request for compensation increase
Seconded by: Director Colleen Fescenmeyer

Discussion: Director Colleen Fescenmeyer indicated she had spoken with the General Manager about his request and would like to recommend the compensation increase be adjusted to \$70,000 per year. This should cover all additional time necessary for the position. Board in agreement.

Friendly Amendment by: Director Anna Girk to adjust the salary to \$70,000 per year with no compensation for over 40 hours. Amendment accepted by Director Anna Girk and Director Colleen Fescenmeyer.

Vice Chair Steve Knightley called for the vote to approve the compensation increase with the stated amendments.

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

(12) COMMITTEE APPOINTMENTS

Director Colleen Fescenmeyer and Director Anna Girk volunteered to remain on the Budget Committee.

Vice Chair Steve Knightley questioned how to handle the Policy Committee, do we want to consider it a standing committee and hold it prior to our regular meetings?

Director Colleen Fescenmeyer suggested we call it an Ad Hoc Committee and hold the meetings for three to four months and then take a break.

Vice Chair Steve Knightley asked the General Manager his opinion.

General Manager suggested committees be framed under the guidelines of an Ad Hoc. If you call it a standing, I am obligated to give public notice, create an agenda for every meeting, conduct it as an open meeting and transcribe minutes which adds a huge burden.

General Manager suggested when you form the Policy Committee call it an Ad Hoc and call out a specific purpose and length of time for this committee to stay in place.

Vice Chair Steve Knightley asked if the board members wanted to form the committee.

General Manager indicated it is the Chairs responsibility to form the committees and the Chair is absent.

Director Anna Girk indicated she doesn't see the urgency of forming the Policy Committee at this time, but the Budget Committee is top priority given the deadline of June 30.

Discussion followed on the formation of the committees; the board was in agreement that an AD Hoc Budget Committee be formed for the 2013 Budget to run through June

30 at which time the Board will adopt the budget for the coming year. Directors Anna Girk and Colleen Fescenmeyer volunteered to serve on the Budget Ad Hoc Committee.

(13) MANAGERS REPORT

- a) Submitted bound and indexed copies to CDPH – Final version of application, CDPH accepted the bound version, email received from individual working on the financials, requested copy of 2012 audit. Will forward upon receipt. Happy with the CDPH, they were very helpful.
- b) Cal Trans meeting – new proposal has no flood improvements only road improvements by widening of the shoulder all the way from the freeway to Esparto.
Vice Chair Steve Knightley questioned what was brought up about our discharge area?
General Manager stated they indicated they would try to stay outside of our monitoring well.
Vice Chair Steve Knightley asked, so we don't have to move our monitoring wells and we don't have to have anything done that would cause us to lose our grandfathering on our discharge field.
Director Colleen Fescenmeyer questioned the problem of the monitoring well close to the shoulder, would like to see some protective poles around the area to prevent our well from being destroyed.
Question if both sides; north and south would be affected.
General Manager: yes and they plan to remove all solid objects. Most people were unhappy that no drainage improvements were in the proposal. After meeting, discussion with Melissa Jordan regarding the economic benefits this would have brought to Esparto. I feel it was a severe loss, we need drainage improvement money.
- c) Well 4 update – up and running, don't have the SCADA equipment installed. Running 4 cycles per day, adding 90 gal per minute to our holding tank.
- d) Well 5 Repair - still have this to do, the money spent was really just for the emergency. We need to pull the pump, patch two holes and video camera, then put in a smaller pump. Proposals were sent out today to two companies to obtain bids to repair Well 5.

Vice Chair Steve Knightley stated we must make sure they have a way to self-verify their installation, we don't want to have to pay again to make sure they have done their job.

General Manager indicated that was included in the proposal, video well after work is done, he also asked for a price per wedge for any additional patches needed. At present just looking for estimated costs.

Question: does this need to go out for public notice

General Manager indicated he believed so.

(14) FUTURE AGENDA ITEMS

- a) Solar Bee
- b) Errors & Omissions
- c) PG&E spreadsheet
- d) CSA Roles
- e) Job Description Policy
- f) VFW thank you letter
- g) Research Impact Fees
- h) LAFCO Update
- i) USDA Sewer upgrades
- j) Pending Litigation
- k) Sewer Lateral Review

(15) ADJOURNMENT

Vice Chair Steve Knightley called for a motion to adjourn the meeting

Motion by: Vice Chair Steve Knightley to adjourn the meeting

Second by: Director Anna Girk

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

Meeting adjourned at 10: 00 pm

Melissa Jordan – Chair of the Board

Mel Smith - Board Clerk

Date: _____

Date: _____