

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

SPECIAL MEETING
JUNE 25, 2007
MINUTES

1. CALL TO ORDER The meeting was called to order at 6:06 p.m. by Chairman Laurel Kieny

2. ROLL CALL

MEMBERS PRESENT Laurel Kieny, Mike Goodin, and Bill Setnik

MEMBERS ABSENT George Daniel and Joseph Moreland

STAFF PRESENT Ron Loudon and Anna McNamara

OTHERS PRESENT Jeff Mitchell and Tracy McNamara

3. APPROVAL OF AGENDA

Director Mike Goodin made a motion to approve the agenda as written and was seconded by Director Bill Setnik

No discussion.

Ayes: 3 Noes: 0 Absent: 2

4. PUBLIC COMMENT – No Public comment.

5. A) APPROVAL OF – NOTICE TO ELECTION OF THE ESPARTO COMMUNITY SERVICES DISTRICT

Director Bill Setnik questioned which positions are open. The Administrative Assistant stated; Director George Daniel, Director Laurel Kieny, and Director Mike Goodin.

The Administrative Assistant stated the position of Director George Daniel became a short term position, therefore having three positions open in 2007, instead of two, and two open in 2009.

Director Mike Goodin made a motion to approve the Notice of the District Election, and was seconded by Director Bill Setnik.

No discussion.

Ayes: 3 Noes: 0 Absent: 2

B) APPROVAL FO RESOLUTION 07-07 – RESOLUTION CALLING ELECTION FOR SELECTION OF MEMBERS OF BOARD OF DIRECTORS, AND REQUESTING CONSOLIDATION WITH THE REGULAR STATEWIDE ELECTION ON NOVEMBER 6, 2007

Director Mike Goodin made a motion to approve Resolution 07-07 – Resolution Calling Election for Selection of Members of Board of Directors, and Requesting Consolidation with the Regular Statewide Election on November 6, 2007, and was seconded by Chairman Laurel Kieny.

Director Bill Setnik stated the County will reimburse for any costs which are incurred on the Boards behalf.

No further discussion.

Ayes: 3 Noes: 0 Absent: 2

6. BUDGET WORKSHOP

Director Mike Goodin commented on his past in regards to the Budget being a planning tool, and should be a tool by which would reflect what the district is planning on achieving in the next 5 and 10 years, along with a Statement of Goals, and without it the Budget becomes just an office expense sheet. Further stating this is what was presented this year, stating he has been asking for this for several years and still does not have those documents.

The General Manager stated it is just a matter of finding the time.

Chairman Laurel Kieny stated right now is a good time, because the Board has the time. Stating if this is something the Board would like to do then the Chairman requested to work on it that evening, as part of the Budget workshop.

Director Mike Goodin stated the fiscal year is upon the district and the Board is getting revised sheets at the workshop, stating he has been requesting a workshop as early as last February, and now down to the wire and the County would like the Budget and reiterates the need to have it ready for next year.

Further stating all that can be done is to look at what comes up and what comes down and where the district will get its revenue.

Chairman Laurel Kieny stated the district may not be able to get a 5 and 10 year plan together that evening but could get a Statement of Goals together with the passing of the Budget. Commenting on the Districts' ability to secure the USDA loan-package, fully intending on in the present fiscal year proceeding with the

rebuilding of the old infrastructure, along with other projects the district is working on. Stating if that is what the Director wishes to produce the Board should do that during the Budget Workshop.

The General Manager stated in the Budget, even without having had the time to produce the 5, 10, and 15 year plans, was able to take the first step, requesting the Board refer to the documents passed out in the meeting, showing the expenses on the front and the, last page calling for signatures, showing the appropriations for contingencies, which is the first step in starting the set aside money for the district projects which pertain to the 5, 10, and 15 year plan.

Further stating there is \$69,143.00 budgeted to be set aside for reserve projects. This covers the general operations reserve, equipment reserve, building and land reserve, which is what USDA requires of the district.

Reiterating there are the first steps and this will be again revised this year, once the district gets the 5, 10, and 15 year plans in, the plans will reflect the plans for spending. Lining out in 2010 the district will be replacing the dump truck, know in 2009 the district will replace 15 fire hydrants, with the Budget working that way.

Director Bill Setnik stated even with a 5, 10, and 15 year plan, as time goes on, it is revised, and is a living document, which is updated annually, or as the need arises.

Director Bill Setnik stated he agreed with Chairman Laurel Kieny, stating he felt the Board could come up with a Board objective at the meeting for this year, based on what is in the proposed budget.

Chairman Laurel Kieny stated the district is going to do a budget Statement of Objectives, all that will need to be done is to proceed with the funding being received by USDA, for the replacement of the infrastructure and to set aside reserves for future maintenance replacement, set aside reserves for general operations of the district, and to meet the financial obligations of the district.

The General Manager stated the Statement should reflect the intent of the Board to complete the water and sewer projects for the USDA funds. Also the projects slated for the CDBG funds.

Director Mike Goodin questioned if the budget has in it projected to be spent on the infrastructure.

The General Manager stated it is showing by using the reserve figures, along with receiving reimbursements for that, to include \$930,000.00 being reimbursed back.

Director Mike Goodin stated the district wants to spend all the monies on the USDA projects.

The General Manager stated he wants to finish all the projects but hopefully not spend all the money.

Director Mike Goodin stated that it is not shown in the budget.

The General Manager stated the way these things operate for the loans is you try to operate on your own funds and take out bridge loans. That being very hard to project in a budget, because you do not know how much you will have until you are in position the district is in now.

The General Manager remarked stated Mark Krummenacker stated the County would carry the district until it received the RCAC loan in, but one day after the last meeting Mr. Krummenacker called and said he was not going to do that. The General Manager stated he called RCAC to find out how long it would be. RCAC stated they had the funding letter for sewer, and would need to see that the bid process had started.

Director Bill Setnik questioned how that figures in Castle Company, because they are supposed to spend \$660,000.00 as part of the Orchioli Project, in the sewer and water infrastructure.

The General Manager stated it is more money than that, and would start about the same time as the districts projects get started.

Director Bill Setnik stated that is a good place to put all of that information, in the 5, & 10 year plan.

Director Mike Goodin stated the district could have a statement of goals, to include plan A and plan B.

The General Manager stated only the district's Fund 469-0 is in the red. Further stating Mr. Krummenacker let the district go, and then when the district was approximately \$210,000.00 in the red that he would not be covering anymore. This being ok, due to the district receiving a loan reimbursement of \$943,000.00, which is funds the district has already spent toward the project, which is reimbursable. That included engineering, funds Ryland Homes has expended, funds which built the sewer ponds, all of which are reimbursable.

Stating the district is not in the red, it is just in between its funding, and all of the contractors are just waiting for the RCAC to come through.

Mike Goodin questioned where it states that in the red.

Chairman Laurel Kieny stated in the revenues reimbursements.

The General Manager stated he thought he had the fund sheet attached, but it was not included.

Director Mike Goodin questioned the only reason the district is in the red is because of not receiving the bridge loan through RCAC and are the reimbursements due.

The General Manager stated, yes, but the only thing holding up the district is the letter from the attorney, stating, the district is able to incur debt.

Director Mike Goodin questioned if the check will come from a developer.

The General Manager stated it will come from RCAC, which is a bridge loan, and then as soon as the district goes out to bid, and are awarded, then the funds will come from USDA, which will then pay back RCAC.

Further stating the district is \$290,000.00 out of development fees in the red, which will be reimbursed by RCAC.

The General Manager stated the 466-0 is in the black by about \$100,000.00, which will also go up as soon as the reimbursement check comes in due to approximately \$50,000.00 used for engineering fees when the prior Manager was in office.

Director Mike Goodin reiterated that the districts' 'net' is not in the red.

The General Manager stated, no, not at all, it is in good shape. Further stating the district has about 1.5 million dollars.

Chairman Laurel Kieny stated it will be easier when the General Manager can break it down and make a more trackable budget, questioning if it will be broken down into CIP projects.

The General Manager stated it will be a trackable budget. The General Manager passed out a budget sheet given him by the auditor's office. Further stating when he produces his sheet it which will explain the budget, the cost center, where it is coming out of, the account it is coming out of, the account name. This to show what was budgeted and what was spent, and encumbrances to date.

Further stating the information will be entered into the computer's spreadsheet, for example when staff makes an entry for a claim it will all go into the computer immediately, therefore when the staff wants to access the information it will all be up to date.

Director Mike Goodin questioned the Chairman about how to approach the item. Chairman Laurel Kieny suggested if by reading the figures right it will give a pretty accurate account of where the district will be at the end of the year, excluding the statement on what the district is intending on doing and how.

Chairman Laurel Kieny stated he now wanted to look at if anything is low, high, or there needs to be any changes.

Chairman Laurel Kieny questioned where the district is on the SKADA technology, in the information/technology, and re-doing the bookkeeping in the office.

The General Manager stated the information/technology account will be for the extension of the SKADA system. The SKADA in the control panel at Well #5 is just for the Well #5 operation.

Further, when Orchioli puts the other tank in, the district will have that one and the other three wells, and the sewer lift station added to the SKADA system. Then the information/technology will bring all that into this one spot, Well #5, so that the district can monitor everything at one time.

Chairman Laurel Kieny questioned if the district has heard anything in regards to the upcoming projects, and if the district is paying for that or is the developer paying for that.

The General Manager stated he has not had any negotiations with the developers as of yet.

Chairman Laurel Kieny stated it will be more than any \$1,000.00.

The General Manager stated the \$1,000.00 is only for the internal office, if any programs are needed or anything for the computers.

Director Bill Setnik stated it is just a contingency for new software if needed.

The General Manager stated such as licenses, due to networking, for software also.

Director Mike Goodin requested the General Manager go through the proposed budget and give his reasoning on the ones with a great variance between the two.

The General Manager gave a review of the items, requesting the Board work off the expense sheet, and to reference off the detail sheet.

The Board and the General Manager reviewed the Extra Help, Stand-by, Retirement, and Overtime.

Director Mike Gooding showed concerns about the recalculations of the PERS retirement, and requested to get the new figure.

The General Manager stated he would get the new figures.

Director Goodin questioned if the district could get an estimate of the upcoming actuarial.

The General Manager stated, yes, but it would be costly and would not be ready until the actuarial was ready.

The General Manager questioned the Administrative Assistant why the State Fund insurance was so high.

The Administrative Assistant stated State Fund had overestimated the insurance and after doing the payroll report is showed it back down to where it had previously been, and the State Fund did an adjustment and the district got a refund.

The General Manager reviewed the medical insurance the district employees carry, being the lowest and the fact that the PERS is dropping the Western Health Advantage; therefore the district will be looking into the next best thing.

The Board and the General Manager reviewed the Fringe Benefits and the State Fund insurance.

The Board and the General Manager reviewed the Maintenance and Operations increases, this partially due to Valley Pumps work and the new hydrants.

The Board and the General Manager reviewed the OASDI.

The Board questioned the overages with the new project.

The General Manager stated there have been a lot of change orders.

Director Goodin questioned why the Board has not been kept informed.

The General Manager state he was keeping the Board informed through the Managers Reports.

The General Manager stated the original plans did not show any access to the property, did not include the road, the extra tank, and many other changes.

The General Manager stated there were way too many changes and assured the Board this would not be happening again with the next project.

The Board questioned the postage.

The General Manager stated the postage is paid to the Post Office in the form of credit, which saves the district from purchasing a postage machine.

The Board questioned the monies for the fiscal audit.

The General Manager stated he put the same as last year, stating the audit fees for this year will be paid in the next fiscal year, and the district already knows how much that is.

The Board and the General Manager reviewed the attorney fees, and decided to up the monies in that account.

The Board and the General Manager discussed the boundaries of the district.

The Board questioned if the district will be getting reimbursed for the architectural costs. The General Manager stated yes.

The Board questioned the Professional and specialized services.

Note: Joseph Moreland entered the meeting during the item #6, at 7:16 p.m .

The General Manager gave an overview of what is charged out of that account.

Chairman Laurel Kieny questioned the Publications.

The General Manager requested to take that account up to \$5,000.

The Board agreed.

Director Mike Goodin questioned the Safety Equipment.

The General Manager stated he is waiting for the quotes, but stated regardless it will come out of the next year's budget.

The General Manager reviewed the Training necessary for the employees of the district for the upcoming year.

Chairman Laurel Kieny stated the fuel account should be raised, and the General Manager and the Board agreed.

The General Manager and the Board discussed the future purchase of another vehicle for the maintenance crew.

Director Mike Goodin questioned the utilities, and the use of the pumps at the WWTF, and the possibility of moving toward not using the pumps in the future.

The General Manager stated the district will still use the pumps, with the options of going to solar mixers.

Director Mike Goodin questioned the costs of running the pumps and looking for something that would be more cost effective, something such as aerators.

The General Manager stated they are not very cost effective, and the solar mixers are a much more cost effective way to go.

The General Manager stated this is something to look at on the 5, 10, & 15 year plan.

The General Manager reviewed the future purchases of the district, discussing the need for safe storage, recommending a lateral cleaning machine, storage shed for the records of the district, a new pick-up, an inverter for the current district pick-up, and a welder.

Director Mike Goodin stated the need for the extension of the building in the near future.

The Board and the General Manager discussed the purchase of a sprayer.

The General Manager stated he would like to bring the budget back at the next regular meeting.

Director Mike Goodin requested to get the packet earlier.

The General Manager stated he would try but was dealing with the reports which did not get done, that need to be sent into the state.

7. MANAGERS' REPORT

Nothing to report.

8. DISTRICT INFORMATION AND CORRESPONDENCE

No district information or correspondence.

9. ADJOURNMENT

Director Mike Goodin made a motion to adjourn the meeting at 7:41 p.m. and was seconded by Director Bill Setnik.

No discussion.

Ayes: 4 Noes: 0 Absent: 1

Laurel Kieny-Chairman of the Board

Anna McNamara-Clerk to the Board
