



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

REGULAR MEETING
JUNE 5, 2013
MINUTES

(1) CALL TO ORDER

Vice Chair Steve Knightley called the meeting to order at 7:20 pm.

(2) PLEDGE OF ALLEGIANCE

All residents and members in attendance recited the pledge

(3) ROLL CALL

Present:

- Directors: Steve Knightley, Charles Schaupp, Anna Girk
- District Counsel: Not Present.
- General Manager: Mel Smith
- Board Clerk: Mel Smith

Absent:

- Directors Jordan and Fescenmeyer

Public: No public present

(4) APPROVAL OF AGENDA

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

Motion by: Vice Chair Steve Knightley to approve the agenda as presented

Second by: Director Charles Schaupp

Discussion:

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

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(5) **PUBLIC COMMENTS**

Vice Chair Steve Knightley opened public comments – no public present

(6) **CORRESPONDENCE**

- a) MERCSA – General Manager announced they have paid their bill in full. Received a \$21,000 check shortly after Christina’s meeting with Supervisor Chamberlain regarding this issue. General Manager briefly recapped the history of this account. No decision from LAFCO as yet on the MERCSA issue, still a couple of months before we should expect to see the MSR.

(7) **APPROVAL OF MINUTES**

Vice Chair Steve Knightley called for a motion to approve the minutes of 5-22-13

Motion by: Vice Chair Steve Knightley to approve the minutes of 5/2/13 as presented

Second by: Director Charles Schaupp

Discussion: None

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

(8) **CLAIMS: FUND 466-0 REGULAR MONTHLY**

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

Motion by: Director Anna Girk to approve the claims as presented

Second by: Director Charles Schaupp

Discussion: Question – difference between AT&T bill and U Verse. U Verse is the internet. Also questioned was the Verizon mobile phone bill. Staff prefers Verizon, better service. Question on the well sample bill. Why is the AT&T 4507 line billed separately for \$34.00. General Manager responded, that is the SCADA line. Question on the Vanucci bill, amount already budgeted.

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

7:40 pm Director Colleen Fescenmeyer arrives at the meeting.

(9) **COMMITTEE REPORTS**

General Manager referenced the members of the budget committee are present this evening. Vice Chair Steve Knightley asked Director Anna Girk if she would like to give a brief report on the budget committee’s progress. Director Girk indicated she was pleased with the budget. She referenced the desire to pay off the CDBG loan. Discussion followed. General Manager referenced the loan balance is around \$40,000, purpose for the loan was to upgrade the lift stations at the sewer plant.

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Vice Chair Steve Knightley requested the payoff of this loan be put on the next meeting agenda as an action item so we can finalize the repayment of this loan.

(10) 2014 BUDGET CONSIDERATION

General Manager asked the other two committee members how they wish to proceed with the review of the 2014 budget.

Director Colleen Fescenmeyer: not much to discuss on revenue.

Vice Chair Steve Knightley: referenced the metered rates that will affect about half of the revenue.

General Manager proceeded by indicating the front two pages are on the revenue and he acknowledged the big ticket revenue items, provided a brief explanation and went on to referenced the four revenue categories that already have a surplus built in. He went on to acknowledge the request by Mark Krummenacker to distribute the balance in the Bank of the West account at year end throughout the revenue categories, which was done by percentage. Credit was given to last year's revenue.

Discussion followed.

Question on Mercy Housing, General Manager indicated it was taken into account. He indicated there will also be an adjustment for half the year due to the metered rates being implemented.

Vice Chair Steve Knightley indicated by next year we will have a better idea on the next year budget.

General Manager agreed and indicated we are getting better at forecasting our numbers.

General Manager referenced the Expense side of the proposed budget.

Discussion began with the employee category. General Manager indicated he would like to consider giving the Fiscal Services Assistant a promotion as she is currently topped out.

Discussion followed on employee comp time, overtime, standby time and vacation accruals.

Question on what is standby time and how it applies.

General Manager explained this is after-hours time for employees who remain on call during the evening hours. They are compensated a flat rate and if they are called out in an emergency they are compensated time and a half.

General Manager indicated the clothing budget was increased to allow for clothing to be purchased for the public relations personnel bearing the district logo.

General Manager went on to explain the changes and increases in the various expense categories. He also indicated some categories that could be adjusted later on and indicated we would like to bump up the equipment maintenance category a little bit and substantially on building and improvements maintenance. He went on to explain the reasoning.

General Manager proceeded to review the remaining categories. He indicated he had received a proposal for the annual audit at \$6500 which fits into our budget.

General Manager: Training category was left the same as we are not using the budgeted amounts.

Vice Chair Steve Knightley: referenced a discussion with Chair Melissa Jordan to pay for the RCAC to come in twice a year and do some required training to keep the board current. This could be done during our regular meetings.

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Discussion followed on the election budget and the coming election for director's seats.

General Manager referenced the budget updates which depicted where the funds were coming from to do the Capital Improvements. He pointed out the \$150,000 budgeted for the districts contribution for new Well 3 if we get the funds from CDPH. Funds were also added in the budget for a new well at the Well 5 site. Discussion followed on the new wells.

General Manager: funds were also budget for solar bees on the two remaining ponds.

Question: on where the solar arrays would be used

General Manager: explained where these would be located also noted the budget included a new service truck for the district. Discussion followed.

In summation, the General Manager referenced the total year end operating budget as well as the projected figure. Expenses are estimated higher and revenue is estimated lower than it will probably be at year end.

Vice Chair Steve Knightley called for a motion to approve the 2014 Budget.

Motion by: Director Anna Girk to approve the 2014 Budget

Second by: Director Charles Schaupp

Discussion:

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

(11) REVIEW AND FURTHER DEFINE GENERAL MANAGERS SPENDING LIMIT

General Manager: a copy of the policy on spending limits was included in the Director packages.

Vice Chair Steve Knightley: surprised to see limit set at \$500 but acknowledged this limit was overridden by the contract with the General Manager and approved by the board which set limit at \$1000.

Director Colleen Fescenmeyer: acknowledge the board approved the \$1000 limit and it is referenced in past minutes.

General Manager: referenced section 3040.20 which states "any commitment of district funds greater than \$500 shall first be submitted to the board for approval or shall be in conformance with prior board action". The budget is prior board action.

Vice Chair Steve Knightley: as I understand this, it's your discretion if it is in our budget, but I would like the policy to state, prior board action and/or budgeted authorization.

Director Charles Schaupp: so we only need to approve it if it goes over budget.

Concern: board does not have knowledge of large expenditures. Suggest an email to board members for large budgeted item expenditures. Policy needs to be updated to assure the board has knowledge and oversight control on the spending associated with budgeted items. Should in the future there be a change in management, board needs to feel comfortable with this policy on spending.

General Manager: the best way to deal with the budget is by transparency, the board is in the habit of seeing the budget and should continue to do so in the future if someone else comes in; the board has to be on top of it.

Vice Chair Steve Knightley: suggested the General Manager draft a proposed revision in accordance with what has been discussed this evening to Policy 3040.

We can discuss this at our next meeting with everyone in attendance.

General Manager: indicated it will be only a discussion item to begin with, so we can develop the correct wording to address the boards concerns regarding the policy.

(12) APPROVAL OF COUNTY AUTHORIZATION FORM FOR STAFF ACCESS TO GENLED ACCOUNTING SYSTEM

General Manager provided information that was requested at last meeting, which was the access granted two years ago. He referenced the new access form and indicated the access necessary for him and Michele to handle the accounting for the district. General Manager also provided a second form which would provide inquiry access for the board chair and directors if desired.

Vice Chair Steve Knightley called for a motion to approve the access forms to the GenLed accounting system as presented this evening by the General Manager.

Motion by: Director Charles Schaupp to approve the authorization forms as presented by the General Manager.

Second by: Director Anna Girk

Discussion: none

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

General Manager presented forms to be signed by all board members.

(13) DISTRICT CALENDAR

General Manager requested this item to be tabled and brought back. Everyone in agreement.

(14) POSSIBLE BOARD ACTION GIVING VICE CHAIR AUTHORITY TO SIGN ON BANK OF THE WEST ACCOUNT

Vice Chair Steve Knightley asked who requested this and what type of liability would he be under?

General Manager explained that all checks require two signature, there has always been three people authorized to sign on the account, two were staffers. He indicated he was not comfortable with two staffers being able to sign bank checks. He feels two signatures should be board members and one staffer.

Discussion followed on how the bank handles checking for proper signatures. Several comments from board members referencing their experience.

Vice Chair Steve Knightley called for a motion to add the signature.

Motion by: Director Anna Girk to add the Vice Chair as an authorized signature on the Bank of the West account.

Second by: Director Charles Schaupp

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

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(15) MANAGERS REPORT

- a) Well 4 update – Well 4 up and running, has been running 24 hours a day for a little over a week, collecting a very little bit of fine sand every 3 to 4 days but no gravel coming through. Installed a smaller pump, pumping at 200 gal per minute 24 hours per day. It's what we call a runner. Now we can talk about Well 5, could drop in a PVC screen and not do the swedging. Some discussion followed.

Additional Comments:

Question on solar bee installation? General Manager indicated they are due to be installed on the 17th. Nothing further on the solar panels, next step is for Jason to size out the first set of solar arrays.

Vice Chair Steve Knightley: first step was to get the account set up with the solar company. We approved the solar bees this year and approved up to what was budgeted last year, but we approved a grid bee and solar panels to be purchased this year up to the amount we had budgeted last year. Hope to get that portion purchased before year end.

(16) FUTURE AGENDA ITEMS

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|-----------------------------|----------------------------|
| a) Grand Jury Response | f) Research Impact Fees |
| b) Sewer Lateral Review | g) Solar Array Information |
| c) Metered Rates Outreach | h) Billing Card Review |
| d) Well Camera | i) Draft Policy 3040 |
| e) Solar Panels on 15 acres | j) Payoff CDBG |

(17) ADJOURNMENT

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

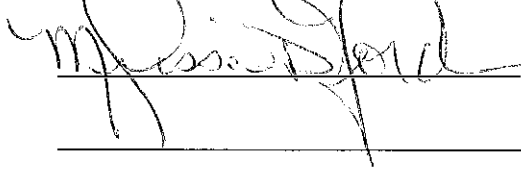
Motion by: Vice Chair Steve Knightley to adjourn the meeting

Second by: Director Colleen Fescenmeyer

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

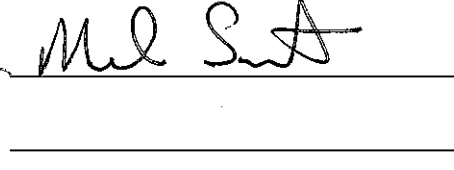
Meeting adjourned at 9:45 pm

Melissa Jordan – Chair of the Board



Date: 6-19-13

Mel Smith - Board Clerk



Date: 6-19-13