

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT**  
**BOARD OF DIRECTORS MEETING**  
**SPECIAL MINUTES OF April 15, 2010**

**Directors present:** Richard Gourley, Marilyn Breland, Dan Burgess, Don Clarke, Ralph Allison  
**Directors absent:**  
**Staff present:** John D’Ornellas, General Manager, Debbie Fransen, Finance Manager,  
Jason Molinari, Operations Supervisor

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**OPEN SESSION 4:00 PM**

**CALL to ORDER/FLAG SALUTE**

President Breland called the meeting to order and led the flag salute.

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**ROLL CALL**

All Directors present.

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**PUBLIC COMMENT**

None.

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**MINUTES**

3. Minutes of March 25, 2010: President Breland asked if there were any questions about the minutes. There were no questions. Director Gourley moved to approve the March 25, 2010 minutes. Director Burgess seconded the motion. Director Allison abstained due to his absenteeism from the March 25<sup>th</sup> meeting. The vote carried 4-0 in favor.

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**PAYABLES**

4. March 2010 Payables: President Breland asked if there were any questions about the March payables. Director Breland asked if the format of the warrant register is different. D’Ornellas stated the report is the same. Director Burgess asked about the availability of retrofit funds. D’Ornellas said the funds will start again in July. Customers are not submitting the retrofits requests as frequently, however once the new fiscal year begins, he said we will once again advertise the rebates. There were no other questions. Director Burgess moved to approve the Warrant Register for March. Director Clarke seconded the motion. The vote carried 5-0 in favor.
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### ***DISCUSSION ITEMS***

- 5A. Water Treatment Plant Upgrades: D'Ornellas began the discussion by saying that the Board reviewed and approved a Scope of Work for improvements to the water treatment plant at the February 18<sup>th</sup> meeting. He added that the scope is intended to evaluate three basic operational issues at the plant. D'Ornellas explained in detail the three separate issues: The operational impact of conveying raw lake water to the plant rather than river water from the infiltration gallery wells: The need to manage iron and manganese levels that cause major dirty water complaints: The disinfectant byproducts which he feels is the most important because we have battled these for several years. This is a primary drinking water standard and we need to be in compliance at all times.

D'Ornellas said two proposals from qualified water treatment engineering consultants have been received for the Board's review. One from Kennedy Jenks Consultants and one from the Wallace Group. He said both proposals provide evaluation of the problems and solutions for improving/correcting the treatment process at the plant to meet compliance only, so this is only the first step to solving the problems at the water treatment plant. He said the Kennedy Jenks' proposal is \$53,200. D'Ornellas said the Wallace Group's proposal is \$64,200 and both consultants took a different approach to solving the problems at issue.

D'Ornellas said both proposals can get the job done, however there are advantages and disadvantages to both submittals. He said Kari Wagner of the Wallace Group is here as well to answer any questions the Board may have. Director Allison said he has concerns that we are comparing apples to oranges when reviewing the two proposals. Director Allison said the proposals are not comparable to one another. Director Allison then asked Kari Wagner to talk about the Wallace Group's plan in detail.

Ms. Wagner explained that the Wallace Group did team up with another engineering firm, Provost & Prichard to gain expertise in treatment plant design and operation. Ms. Wagner said Provost & Prichard would work in coordination with the Wallace Group as they have an extensive background in water quality and water treatment.

Ms. Wagner said she would be managing/coordinating the project and working with District staff. The project itself will look at all the raw data and will figure out what will work best for the three operational components the treatment plant is experiencing. It may be an equipment solution, a chemical solution, or a combination of several. She said it will be decided if it is a temporary solution or will it be a permanent solution. Once a couple of treatment alternatives are selected, proposals will be brought to the Board for consideration.

Director Gourley said because the pipeline turnout valve is part of the equation, he believes the Wallace Group is already on board with that issue, they should continue with the project. Director Clarke said the District has worked closely with the Wallace Group for twenty years for our engineering needs, and he too believes the Wallace Group is the firm that should do the plant upgrades.

President Breland said there is a consensus of the Board to approve the Wallace Groups' proposal and asked for a motion. Director Allison made the motion to approve a transfer

from capital reserves in the amount of \$64,200 and award the project to the Wallace Group. Director Burgess seconded the motion. The motion carried, 5-0.

Director Allison asked Ms. Wagner when the Wallace Group can get started and she replied that once the contract is signed it will be about two weeks before a kick-off meeting and site visit can be scheduled. Director Burgess asked if there is any funding, such as grant money that may be available. D'Ornellas said one of the aspects of the work is to look at funding opportunities.

- 5B. Gas Station Closure RFP: D'Ornellas reviewed the law that allows the District to own and operate a gas station and gave the history behind the station. He said with the scheduled opening of the new gas station at the Oak Hills Shopping Center on Heritage Loop Road, Heritage Ranch residents will have access to a privately owned/operated gas station and thus the District must close our gas station.

D'Ornellas said if the District does not close the gas station, we will be in violation of the enabling Code. He added that the District's gas station will need upgrades to comply with new California Air Resources Board requirements for installation of Engine Vapor Recovery equipment by July 2011.

D'Ornellas gave the details of the Request for Proposal for a qualified contractor to close the gas station. D'Ornellas said the District's venture into retail gas business was a good cause, however with the new gas station coming into operation soon, the District needs to begin the process of closing the gas station with an anticipated closing date near the end of July.

Director Breland asked if the owner of the new station has indicated when his station will be operational. D'Ornellas said he has spoken to Mr. Souza and he said he does not have a problem with our station still operating a few weeks once his is open and he anticipates the end of July or the beginning of August as his start date.

There were some questions from the public about residual fuel in the tank and why the tanks are being removed. D'Ornellas said the contractor who gets the job will have the level of expertise to remove the fuel and tanks. He added that the Department of Environmental Health indicated if the removal of the tanks and piping do not disturb a nearby building or structure, all tanks and piping must be removed and soil samples taken. D'Ornellas said he feels confident there is no threat of soil contamination as the tanks are relatively new.

Director Gourley asked if there is any of the gas station equipment that would be salvageable. D'Ornellas said he is currently working with a Ranch resident to see if perhaps the dispensers themselves may be salvageable. Kari Wagner of the Wallace Group asked if fill material has been considered as it is a big expense if it is not included in the proposal. D'Ornellas said he believes we have fill material. President Breland asked if there was any further discussion, and if not, she said it is the Board consensus to direct staff to publish the Request for Proposal to qualified contractors for the gas station closure.

- 5C. Budget: D'Ornellas said this is the first draft of next year's budget, and it is balanced. He said there are a couple of key changes in next year's budget; there will be no Boat Dock Fund because the Homeowner's Association paid the docks off in August 2009, the Gas Station Fund is only budgeted for one month of operation and Connection fees have been allocated to reserves.

D'Ornellas first summarized the Income Categories; Operating Income and Non Operating Income. He said income is a little hard to anticipate due to the recent rate increase combined with anticipated higher use by part-time residents due to the higher lake level. He said interest rates continue to be low. The County Auditor-Controller has provided an estimate for property tax revenue which is 9% less due to lower assessed property values. D'Ornellas said the State of California is also taking 8% of our annual property taxes, which will be paid back in later years. Director Breland asked if the State didn't take our property taxes a few years ago, and D'Ornellas said yes, however this 8% will be considered a loan where the raid on property taxes a few years ago was not.

D'Ornellas summarized the Expense Categories. There were no questions or comments during this part of the review. D'Ornellas said there are a few key capital projects scheduled for next fiscal year. D'Ornellas said the Emergency Water Supply project is budgeted for \$125,000 for the full cost of the project including design, environmental, bid process and construction. He said it is anticipated that we will receive all agency approvals by July 2010, and added that Monterey County Water Resources is putting up road blocks on this project. President Breland asked Kari Wagner to elaborate on the matter. Ms. Wagner said that a letter from California Department of Public Health was required and D'Ornellas said the letter was received today.

The other items in the Capital Projects were discussed in previous agenda items and there were no other questions or comments. D'Ornellas said this is just the first draft. Director Breland asked for more details on the spray field project. D'Ornellas said Kari Wagner could elaborate on that project during her Engineer's Report.

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### *CONSENT ITEMS*

- 6A. Treasurer's Report for March 2010: D'Ornellas presented the Treasurer's Report for March 2010. President Breland said the late fees seemed lower this month and Fransen agreed. There were no other questions or comments. Item was received and filed.
- 6B. Manager's Report - March 2010: D'Ornellas presented the Manager's Report for March 2010. There was discussion as to when the Nacimiento Water Project will actually be operational. Wagner said the project has been delayed, however she believes September 2010 is the date scheduled. There were no questions or comments. Item was received and filed.

- 6C. Engineer's Report – March 2010: Kari Wagner presented the Engineer's Report for March, 2010. She answered the questions the Board had regarding human/animal contact with treated effluent and said she will be at the June meeting to present the anticipated operational costs of the spray field project. President Breland asked if the Water Treatment Plant PLC/SCADA project is complete. D'Ornellas said FM Controls is finishing up the O&M Manuals and the District is considering setting up a separate maintenance agreement with them. There were no comments and the item was received and filed.
- 6D. Staff Reports For March 2010: Jason Molinari presented the Operation's Supervisor Report for March 2010 and Fransen presented the Office Report. Items were received and filed.
- 6E. LAFCO Nomination: D'Ornellas presented the Local Agency Formation Commission (LAFCO) information and request to nominate a candidate to the open alternate seat for special districts on LAFCO.

D'Ornellas said special districts have two representatives on the LAFCO Board that are currently held by David Brooks of the Templeton CSD and Ed Eby of Nipomo CSD. The seat for the alternate member is open and we have received one request from Muril Clift of the Cambria CSD for this seat whom he said is a Director on the Cambria CSD Board.

There was discussion among the Board member and the consensus was to elect Muril Clift of the Cambria CSD.

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***BOARD STAFF GENERAL DISCUSSION***

D'Ornellas said he had an announcement. He submitted Jason Molinari's name to the California Rural Water Agency for the Water Operator of the Year Award and is proud to announce that Jason was selected. D'Ornellas said Jason has been with the District for four years and was selected based on his accomplishments. D'Ornellas said in past years, the recipient of the award has twenty to thirty years of water treatment experience. He said Jason will be attending the CRWA conference in Lake Tahoe April 27<sup>th</sup> through April 29<sup>th</sup> and will accept this award and he hopes to put the award on display at the District office.

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***ADJOURNMENT***

Director Clarke made the motion to adjourn the meeting. Director Allison seconded the motion. The motion carried; all in favor. The meeting adjourned at 5:20 PM.

**Approved:**

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***Marilyn Breland, President Board of Directors***

**Attest:**

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***Debbie Fransen, Secretary Board of Directors***