



## **RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

15160 JACKSON ROAD  
RANCHO MURIETA, CALIFORNIA 95683  
916-354-3700  
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### **AGENDA**

*“Your Independent Local Government Agency Providing  
Water, Wastewater, Drainage, Security, and Solid Waste Services”*

#### **REGULAR BOARD MEETING**

**JANUARY 16, 2019**

Call to Order/Open Session 5:00 p.m.  
District Administration Building – Board Room  
15160 Jackson Road  
Rancho Murieta, CA 95683

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#### **BOARD MEMBERS**

Les Clark	President
Randy Jenco	Vice President
Linda Butler	Director
Tim Maybee	Director
John Merchant	Director

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#### **STAFF**

Mark Martin	General Manager
Suzanne Lindenfeld	District Secretary
Richard Shanahan	District General Counsel
Tom Hennig	Director of Administration
Jeff Werblun	Security Chief
Paul Siebensohn	Director of Field Operations

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

JANUARY 16, 2019

REGULAR BOARD MEETING

Call to Order/ Open Session 5:00 p.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

## AGENDA

ESTIMATED RUNNING TIME

1. **CALL TO ORDER** - Determination of Quorum – President Clark (**Roll Call**) 5:00
2. **CONSIDER ADOPTION OF AGENDA** (*Motion*)  
*The Board will discuss items on this agenda, and may take action on those items, including informational items and continued items. The Board may also discuss other items that do not appear on this agenda but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.*  
  
*The running times listed on this agenda are only estimates and may be discussed earlier or later than shown. At the discretion of the Board, an item may be moved on the agenda and or taken out of order. **TIMED ITEMS** as specifically noted, such as Hearings or Formal Presentations of community-wide interest, will not be taken up earlier than listed.*
3. **CONSENT CALENDAR** (*Motion*) (**Roll Call Vote**) (5 min.) *All items in Agenda Item 3 will be approved as one item if they are not excluded from the motion adopting the consent calendar.*
  - A. Approval of Board and Committee Meeting Minutes
    1. *December 19, 2018 Regular Board Meeting Minutes*
    2. *January 3, 2019 Communications & Technology Committee Meeting Minutes*
    3. *January 3, 2019 Personnel Committee Meeting Minutes*
    4. *January 8, 2019 Security Committee Meeting Minutes*
    5. *January 8, 2019 Improvements Committee Meeting Minutes*
    6. *January 8, 2019 Finance Committee Meeting Minutes*
    7. *January 8, 2019 Special Board Meeting Minutes*
  - B. Approval of Bills Paid Listing
4. **STAFF REPORTS** (Receive and File)
  - A. General Manager's Report
  - B. Administration/Financial Report
  - C. Security Report
  - D. Utilities Report

5. **CONSIDER CONFERENCE/EDUCATION OPPORTUNITIES** (Discussion/Action) (Motion)
6. **EMPLOYEE ANNOUNCEMENTS, PROMOTIONS, COMMENDATIONS, AND KUDOS**
7. **REVIEW DISTRICT MEETING DATES/TIMES FOR FEBRUARY 2019**
  - A. Personnel – February 5, 2019 at 7:30 a.m.
  - B. Improvements – February 5, 2019 at 8:30 p.m.
  - C. Security – February 5, 2019 at 9:30 a.m.
  - D. Finance – February 7, 2019 at 8:30 a.m.
  - E. Communications & Technology February 7, 2019 at 9:30 a.m.
  - F. Regular Board Meeting – February 20, 2019 - Open Session at 5:00 p.m.
8. **CORRESPONDENCE**
9. **COMMENTS FROM THE PUBLIC**

*Members of the public may comment on any item of interest within the subject matter jurisdiction of the District and any item specifically agendized. Members of the public wishing to address a specific agendized item are encouraged to offer their public comment during consideration of that item. With certain exceptions, the Board may not discuss or take action on items that are not on the agenda.*

*If you wish to address the Board at this time or at the time of an agendized item, as a courtesy, please state your name and address. Speakers presenting individual opinions shall have 3 minutes to speak. Speakers presenting opinions of groups or organizations shall have 5 minutes per group.*
10. **RECEIVE AND FILE THE 2017-2018 ANNUAL RANCHO MURIETA COMMUNITY SERVICES DISTRICT AUDIT REPORT AND THE COMMUNITY FACILITIES DISTRICT #2014-1 AUDIT REPORT** (Receive and File) (10 min.)
11. **CONSIDER ADOPTION OF RESOLUTION R2019-01, AMENDING CONFLICT OF INTEREST CODE, APPENDIX B – DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES** (Discussion/Action) (Motion) (Roll Call Vote) (5 min.)
12. **CONSIDER APPROVAL OF FACILITIES EXTENSION AND FEE REIMBURSEMENT AGREEMENT WITH DEVELOPER FOR HIGHWAY 16 BORE AND INSTALLATION OF BORE CASING FOR FUTURE TWELVE INCH RECYCLED WATER LINE** (Discussion/Action) (Motion) (Roll Call Vote) (10 min.)
13. **CONSIDER APPROVAL OF SHARED COSTS WITH DEVELOPER FOR FORCE MAIN BREAK AT CANTOVA LIFT STATION AND REQUESTED RELOCATION OF LINE** (Discussion/Action) (Motion) (Roll Call Vote) (10 min.)
14. **CONSIDER APPROVAL OF PROPOSAL FROM CISCO-INGERSOLL RAND FOR WASTEWATER RECLAMATION PLANT COMPRESSOR REPLACEMENT** (Discussion/Action) (Motion) (Roll Call Vote) (10 min.)

15. **CONSIDER APPROVAL OF PROPOSAL FROM NJM FOR WEST DAF SATURATION TANK REPLACEMENT** (Discussion/Action) (Motion) **(Roll Call Vote)** (10 min.)
16. **REVIEW OUTLINE OF PROCESS FOR RENEWING THE DISTRICT'S WATER RIGHTS** (Discussion/Action) (20 min.)
17. **DISCUSS RELEASING A REQUEST FOR QUALIFICATIONS FOR AUDITOR SERVICES** (Discussion/Action) (5 min.)
18. **RECEIVE FINANCIAL RESERVES UPDATE** (Discussion/Action) (10 min.)
19. **DIRECTOR COMMENTS/SUGGESTIONS**  
*In accordance with Government Code 54954.2(a), **Directors** and staff may make brief announcements or brief reports of their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.*
20. **ADJOURNMENT** (Motion)

"In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 72 hours prior to a regular meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting."

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is January 11, 2019. Posting locations are: 1) District Office; 2) Rancho Murieta Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.

# MEMORANDUM

Date: January 3, 2019  
To: Board of Directors  
From: Communication & Technology Committee Staff  
Subject: January 3, 2019 Communication & Technology Committee Meeting Minutes

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## 1. CALL TO ORDER

Director Merchant called the meeting to order at 9:32 a.m. Present were Directors Merchant and Butler. Present from District staff were Mark Martin, General Manager; Tom Hennig, Director of Administration, Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

## 2. COMMENTS FROM THE PUBLIC

None.

## 3. REVIEW PURPOSE OF COMMITTEE AND DIRECTORS' ROLE

Mark Martin, General Manager gave a brief summary of the purpose of the Committee and the role of the Directors and staff, per the District Code, Chapter 2, Section 12.02f.

## 5. TECHNOLOGY PRIORITIES 2019 (taken out of order)

Mark Martin, General Manager, gave an overview of the technology priorities for the District in 2019. Those include: digitize utility GIS base maps, document imaging, desktop scanner for Security Chief, SharePoint which is cloud-based file archive and sharing tool, review the accounting system and update as needed, replace outdated computers, a cloud-based security incident mapping and reporting system, maintenance management mapping and work order system, online billing system, utility billing system.

Technology accomplishments in 2017-2018 include: established fiber high speed internet, digital imaging implemented, and VOIP unified communications phone system implemented.

## 4. REVIEW CURRENT OUTREACH TOOLS

Mark Martin, General Manager, gave a brief overview of the various tools the District uses for communication the public: website, Facebook, mailers, and Pipeline. Director Butler stated that she would like to see the District expand the information provided to the community and repeat the information more often. Topics include development information and changes in State requirements.

Director Butler also asked if a Director should meet with Murieta Village and Murieta Airport to discuss their concerns. Mark Martin stated that the General Manager should reach out with the option for a Director to attend if they desire.

## 6. DIRECTOR AND STAFF COMMENTS/SUGGESTIONS

No comments.

## 7. ADJOURNMENT

The meeting was adjourned at 10:36 a.m.



# RANCHO MURIETA COMMUNITY SERVICES DISTRICT REGULAR BOARD MEETING

December 19, 2018

Call to Order / Open Session 5:00 p.m.

*The District Secretary administered the Oath of Office to Directors Linda Butler, Randy Jenco and Tim Maybee.*

## 1. CALL TO ORDER/ROLL CALL

District Secretary Suzanne Lindenfeld called the Regular Board Meeting of the Board of Directors of Rancho Murieta Community Services District to order at 5:00 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Linda Butler, Les Clark, Randy Jenco, Tim Maybee, and John Merchant. Also, present were Mark Martin, General Manager; Jeff Werblun, Security Chief; Paul Siebensohn, Director of Field Operations; Tom Hennig, Director of Administration; Suzanne Lindenfeld, District Secretary; and Richard Shanahan, District General Counsel.

## 4. ELECTION OF BOARD OFFICERS (taken out of order)

District Secretary called for nominations for Board President. Director Merchant nominated Director Clark. No further nominations for Board President.

**Roll call vote for Director Clark to be elected President of the Rancho Murieta Community Services District Board of Directors. Ayes: Butler, Clark, Jenco, Maybee, Merchant. Noes: None. Absent: None. Abstain: None.** Director Les Clark is elected as Board President.

President Clark called for nominations for Board Vice President. Director Maybee nominated Director Jenco. Director Butler nominated Director Merchant.

**Roll call vote for Director Jenco to be elected Vice President of the Rancho Murieta Community Services District Board of Directors. Ayes: Clark, Jenco, Maybee, Merchant. Noes: Butler. Absent: None. Abstain: None.** Director Jenco is elected as Board Vice President.

## 3. CONSIDER ADOPTION OF RESOLUTION 2018-10, RESOLUTION DECLARING THE RESULTS OF THE NOVEMBER 6, 2018 ELECTION (taken out of order)

**Motion/Clark to adopt Resolution 2018-10, a resolution declaring the results of the November 6, 2018 election. Second/Merchant. Roll Call Vote: Ayes: Clark, Jenco, Butler, Maybee, Merchant. Noes: None. Absent: None. Abstain: None.**

## 2. CONSIDER ADOPTION OF AGENDA

**Motion/Jenco to adopt the agenda. Second/Merchant. Ayes: Clark, Jenco, Butler, Maybee, Merchant. Noes: None. Absent: None. Abstain: None.**

## 5. COMMITTEE ASSIGNMENTS

All elected Directors had previously submitted their requests for various committee assignments. With due consideration for the requests, President Clark made the following committee assignments:

Communication/Technology Committee:	John Merchant and Linda Butler
Finance Committee:	John Merchant and Tim Maybee
Improvements Committee:	Les Clark and Randy Jenco

Joint Security Committee:	Les Clark and Tim Maybee
Personnel Committee:	John Merchant and Randy Jenco
Parks Committee:	Linda Butler with Randy Jenco as the alternate
Security Committee:	Les Clark and Tim Maybee
Regional Water Authority:	Les Clark

**6. EMPLOYEE ANNOUNCEMENTS, PROMOTIONS, COMMENDATIONS, AND KUDOS**

Mark Martin, General Manager, recognized Richard Tompkins, Patrol Sergeant for his ten (10) years of service to the District. Mr. Martin also recognized Thomas Coyle, Patrol Officer, and Suzanne Lindenfeld, District Secretary, for their fifteen (15) years of service to the District. Mr. Martin introduced Tom Hennig, the District’s new Director of Administration.

**7. CONSENT CALENDAR**

**Motion/Merchant to adopt the consent calendar. Second/Clark. Roll Call Vote: Ayes: Clark, Jenco, Butler, Maybee, Merchant. Noes: None. Absent: None. Abstain: None.**

**8. STAFF REPORTS**

Under Agenda Item 8d, President Clark about the status of the mapping. Paul Siebensohn, Director of Field Operations, stated that they have been submitted to the Division of Safety of Dams for review. The District has not received any comments.

Director Butler as what the pumping dates are. Paul Siebensohn, Director of Field Operations, stated that pumping can occur from November 1<sup>st</sup> to May 31<sup>st</sup> every year depending on various other qualifiers.

**9. CORRESPONDENCE**

None.

**10. CONSIDER CONFERENCE/EDUCATION OPPORTUNITIES**

District Secretary will send the Special District Leadership Academy information to all Directors.

**11. REVIEW NOVEMBER BOARD/COMMITTEE MEETING DATES/TIMES**

No discussion.

**12. COMMENTS FROM THE PUBLIC**

None.

**13. CONSIDER ADOPTION OF RESOLUTION R2018-11 IN HONOR OF MORRISON GRAF, DIRECTOR, RANCHO MURIETA COMMUNITY SERVICES DISTRICT AND PRESENTATION OF PLAQUE**

**Motion/Clark to adopt Resolutions R2018-11 in honor of Morrison Graf; Resolution R2018-12 in honor of Gerald Pasek; and Resolution R2018-13 in honor of Mark Pecotich. Second/Merchant. Roll Call Vote: Ayes: Clark, Jenco, Butler, Maybee, Merchant. Noes: None. Absent: None. Abstain: None.**

**14. CONSIDER ADOPTION OF RESOLUTION R2018-11 IN HONOR OF GERALD PASEK, DIRECTOR, RANCHO MURIETA COMMUNITY SERVICES DISTRICT AND PRESENTATION OF PLAQUE**

Adopted with Agenda Item 13.

**15. CONSIDER ADOPTION OF RESOLUTION R2018-11 IN HONOR OF MARK PECOTICH, DIRECTOR, RANCHO MURIETA COMMUNITY SERVICES DISTRICT AND PRESENTATION OF PLAQUE**

Adopted with Agenda Item 13.

**16. DIRECTOR COMMENTS/SUGGESTIONS**

Director Merchant requested the January Finance Committee meeting agenda include changing auditor, reserve update, and an outline of the process for renewing the District's water rights.

Director Maybe thanked the outgoing Directors and wished everyone a Merry Christmas.

President Clark thanked the outgoing Directors for all their work and long hours they dedicated to the District and the community. President Clark also commented on the District purchasing a GIS system, developing a five (5) year CIP listing, and community comments on the Security Town Hall Meeting.

**17. ADJOURNMENT**

**Motion/Jenco to adjourn at 5:43 p.m. Second/Maybee. Ayes: Clark, Jenco, Butler, Maybee, Merchant Noes: None. Absent: None. Abstain: None.**

Respectfully submitted,

Suzanne Lindendorf  
District Secretary



# MEMORANDUM

Date: January 3, 2019  
To: Board of Directors  
From: Personnel Committee Staff  
Subject: January 3, 2019 Personnel Committee Meeting Minutes

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## 1. CALL TO ORDER

Director Merchant called the meeting to order at 10:40 a.m. Present were Directors Merchant and Jenco. Present from District staff was Mark Martin, General Manager; Tom Hennig, Director of Administration; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

## 2. COMMENTS FROM THE PUBLIC

None.

## 3. REVIEW PURPOSE OF COMMITTEE AND DIRECTORS' ROLE

Mark Martin, General Manager gave a brief summary of the purpose of the Committee and the role of the Directors and staff, per the District Code, Chapter 2, Section 12.02f.

## 4. DIRECTOR & STAFF COMMENTS/SUGGESTIONS

None.

## 5. ADJOURNMENT

The meeting was adjourned at 11:05 a.m.

## MEMORANDUM

Date: January 8, 2019  
To: Board of Directors  
From: Security Committee Staff  
Subject: January 8, 2019 Security Committee Meeting Minutes

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### 1. CALL TO ORDER

Director Clark called the meeting to order at 8:30 a.m. Present were Directors Clark and Maybee. Present from District staff were Mark Martin, General Manager; Jeff Werblun, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

### 2. COMMENTS FROM THE PUBLIC

None.

### 3. MONTHLY UPDATES

Director Maybee commented on his concern regarding the issues at the gates on Christmas Day. After discussion, the Committee agreed to request a meeting with key staff from both the District and Rancho Murieta Association (RMA) regarding ways to ensure this issue does not occur again. Mark Martin, General Manager, stated he will contact Greg Vorster, RMA General Manager, to setup a meeting.

Director Clark again asked staff to obtain the stats from Rancho Murieta Association (RMA) regarding the disposition of the citations the Security Department hands out. The information is for internal use only. Mark Martin, General Manager, will contact RMA to meet and discuss.

The District is working with RMA to schedule a Joint Security meeting for the end of February.

### 4. DIRECTOR & STAFF COMMENTS

Director Maybee commented on developing a policy regarding the District responding to indirectly made public comments regarding the District. Paul Siebensohn, Director of Field Operations, stated that there is a policy in place for that.

Director Maybee asked if there are staff available 24/7 if needed. Mark Martin, General Manager stated that when there is an emergency or immediate need to let the public know of an issue, the South Gate, which is dispatch, will contact the correct department head for response. The District Secretary is also available 24/7 for website and other social media information postings. Department heads will keep General Manager informed as to the status and if necessary, the General Manager will reach out to media as appropriate.

Chief Werblun stated that the Sacramento Sheriff's Department contact him regarding setting up a Coffee with a Cop to be held at the District. The date will be sometime in March.

Mark Martin, General Manager, reminded everyone that if you have an outdoor security camera system at your residence be sure to register it with the SSD. It is also advisable to have a camera angled to capture movement on the street and sidewalk in front of you home.

**7. ADJOURNMENT**

The meeting adjourned at 4:47 p.m.

DRAFT

# MEMORANDUM

Date: January 8, 2019  
To: Board of Directors  
From: Improvements Committee Staff  
Subject: January 8, 2019 Improvements Committee Meeting Minutes

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## 1. CALL TO ORDER

Director Graf called the meeting to order at 9:32 a.m. Present was Director Clark. Present from District staff were Mark Martin, General Manager; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary. Director Jenco arrived at 10:33 a.m.

## 2. PUBLIC COMMENT

None.

## 3. MONTHLY UPDATES

No discussion.

## 4. FACILITIES EXTENSION AND REIMBURSEMENT AGREEMENT WITH DEVELOPER FOR HIGHWAY 16 BORE AND INSTALLATION OF BORE CASING FOR FUTURE TWELVE INCH RECYCLED WATER LINE

Mark Martin, General Manager, gave a summary of the recommendation to approve a Facilities Extension and Reimbursement Agreement with the developer for the Highway 16 bore and bore casing for future installation of a twelve inch (12") recycled water line one of four components of the Northwest Recycled Water Transmission Main (CIP 17-5-05); and authorize the General Manager to sign the Caltrans Encroachment Permit for the project.

This item was brought forward to the Improvements Committee on December 4, 2018 as a follow-up to the July Board meeting. On that date, the Committee recommended the project move on to the Board for approval with an expected project limit of \$268,678. On December 6, 2018 the Developer, John Sullivan, provided a revised estimate for this project saying that the Committee recommended estimate did not include prevailing wage rates. The new estimate increased the cost of the project by \$31,099. The prior estimate was brought to Committee with the understanding from the Developer that the original amount included prevailing wage. Staff asked Coastland Engineering to review the revised bid and provide feedback as to if the revision was reasonable given the new information provided. Coastland confirmed the estimated increase was reasonable given the addition of prevailing wages.

Director Clark requested that Section 9 of the Agreement be more specific. ***This item will be on the January 16, 2019 Board Meeting agenda.***

## 5. UPDATE ON SOBON/MURIETA DRIVE AND LEGACY LANE RECYCLED WATER LINE REIMBURSEMENT AGREEMENT

Mark Martin, General Manager, gave a brief update on the status of the Sobon/Murieta Drive and Legacy Lane recycled water line reimbursement agreement. Draft reimbursement agreements have been prepared, however, to continue processing of the agreements, the District must first receive appropriate cost detail from the Developer for staff to ensure the reasonableness of the costs and the proper applicability of the

reimbursement requests. Once the cost detail is received, staff needs adequate time to review the information before we take the draft reimbursement agreements to the next available Improvements Committee and on to the Board for final approval. A discussion followed.

#### **6. CANTOVA FORCE MAIN BREAK AND POSSIBLE RELOCATION**

Mark Martin, General Manager, gave an overview of the situation related to the breakage and potential realignment of a sewer force main adjacent to the Cantova Lift Station.

At end of business January 4, 2019, the Developer's engineer, Baker-Williams provided a rough estimate of the repairs effected by the Developer's contractors to relocate and effectively repair the force main. Based on the amount of the estimate, Board approval will be required if a relocation is desired and paid for by the District. Staff believes it necessary at minimum to consider potential cost-effective alternatives to the proposed relocation and for purposes of discussion consider whether the District has any obligation to fund the relocation of a District facility for the purpose of newly constructed line benefitting private development.

Director Clark suggested the District work with the developer to come up with a compromise of shared costs. ***This item will be on the January 16, 2019 Board Meeting agenda.***

#### **7. WASTEWATER RECLAMATION PLANT COMPRESSOR REPLACEMENTS**

Paul Siebensohn gave a brief overview of the recommendation to approve the proposal from Cisco-Ingersoll Rand to replace the air compressor for the wastewater reclamation plant. (The memo indicated Quincy which is incorrect. The correction will be made.) ***This item will be on the January 16, 2019 Board Meeting agenda.***

#### **8. WEST DAF SATURATOR TANK REPLACEMENT**

Paul Siebensohn gave a brief overview of the recommendation to approve the proposal from NJM for the wastewater reclamation plant West DAF saturation tank replacement. The project should be completed within 12 weeks. ***This item will be on the January 16, 2019 Board Meeting agenda.***

#### **9. DIRECTORS & STAFF COMMENTS/SUGGESTIONS**

Mark Martin, General Manager, reported that staff is continuing to work on a new format for the District's capital improvements project listing which will provide more detail.

#### **10. ADJOURNMENT**

The meeting was adjourned at 10:52 a.m.

# MEMORANDUM

Date: January 9, 2019  
To: Board of Directors  
From: Finance Committee Staff  
Subject: January 8, 2019 Finance Committee Meeting Minutes

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## 1. CALL TO ORDER

Director Merchant called the meeting to order at 4:00 p.m. Present were Directors Merchant and Maybee. Present from District staff were Mark Martin, General Manager; Tom Hennig, Director of Administration; Paul Siebensohn, Director of Field Operations; Mark Brandt, Interim Controller; and Suzanne Lindenfeld, District Secretary.

## 2. COMMENTS FROM THE PUBLIC

None.

## 3. REVIEW 2017-2018 AUDIT

Larry Bain, CPA, gave a brief summary of the 2017-2018 audit reports. They were clean reports. A question and answer period followed.

Director Merchant commented on his concerns regarding where the District is at regarding reserves, depreciation, the District's cashflow, understanding the long-term pension liability. Director Merchant suggested staff develop a better way to report the District's financial information. ***This item will be on the January 16, 2019 Board Meeting agenda.***

Mark Martin, General Manager, stated that the 2015 Reserve Study needs to be reviewed and updated. Once that is done, staff can look at upcoming projects and projected costs.

## 4. DISCUSS CHANGING AUDITOR

Tom Hennig, Director of Administration, gave a brief summary of the request to release a Request for Interest (RFI) for audit services. The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards.

## 5. RESERVES UPDATE

Mark Martin, General Manager, stated that there was a delay in getting the November financials done in time for the December Board meeting. They have now been completed and will be included in the January 16, 2019 Board meeting packet. ***This item will be on the January 16, 2019 Board Meeting agenda.***

## 6. UPDATE DISTRICT'S CONFLICT OF INTEREST DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

Mark Martin, General Manager, gave a brief summary of Resolution R2019-01 amending the designated positions and disclosure categories. District Legal Counsel has reviewed and approves of the recommended amendment. ***This item will be on the January 16, 2019 Board Meeting agenda.***

## **7. DIRECTORS & STAFF COMMENTS/SUGGESTIONS**

Director Merchant commented on needing to get numbers for the Board regarding reserves. Director Merchant stated that the Board look at the actual costs for an employee and the actual costs to run the District.

Director Maybee added that the aging infrastructure needs to also be looked at.

## **8. ADJOURNMENT**

The meeting was adjourned at 4:56 p.m.

DRAFT



## RANCHO MURIETA COMMUNITY SERVICES DISTRICT SPECIAL BOARD MEETING

January 8, 2019

Call to Order/Open Session 2:00 p.m.

### 1. CALL TO ORDER/ROLL CALL

President Les Clark called the Special Board Meeting of the Board of Directors of Rancho Murieta Community Services District to order at 2:00 p.m. at the Rancho Murieta Community Services District Board Room at 15160 Jackson Road, Rancho Murieta. Directors present were Les Clark, Randy Jenco, Tim Maybee and John Merchant. Also, present were Mark Martin, General Manager; Richard Shanahan, District General Counsel; Tom Hennig, Director of Administration; Jeff Werblun, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

### 2. ADOPT AGENDA

**Motion/Merchant to adopt the agenda. Second/Jenco. Ayes: Clark, Jenco, Maybee, Merchant. Noes: None. Absent: Butler. Abstain: None.**

### 3. COMMENTS FROM THE PUBLIC

No comments.

### 4. TRAINING WORKSHOP CONCERNING THE ROLE OF A DIRECTOR, BROWN ACT AND MEETING REQUIREMENTS AND LIMITATION, DIRECTOR INVOLVEMENT IN COMMUNITY MEETINGS AND DISTRICT BOARD GUIDELINES

Richard Shanahan, District Legal Counsel, gave a PowerPoint presentation regarding the role of a Director, the Brown Act, and the District Board Guidelines. Topics included the general principles of the Brown Act, definition of a legislative body, what is a local agency, what is considered a meeting, what is not a meeting, types of meetings, agendas, timing of availability of agenda support documents, no action on non-agendized items, public comment, closed session meetings, role of Board, Director responsibilities, role and authority of individual Directors, the District Board Guidelines including Director code of conduct and ethics. A question and answer period followed.

### 5. DIRECTOR COMMENTS

No Director comments.

A member of the public commented on his feeling that the October Special Board meeting held at the Rancho Murieta Association's Administration Building was intentionally unadvertised to keep the public from attending. Mark Martin, General Manager stated that the meeting was advertised as all District Board meetings are and Gate Officers knew to let anyone in that said they were here for the meeting.

### 6. ADJOURNMENT

**Motion/Jenco to adjourn at 3:42 p.m. Second/Merchant. Ayes: Clark, Jenco, Maybee, Merchant. Noes: None. Absent: Butler. Abstain: None.**

Respectfully submitted,

Suzanne Lindenfeld  
District Secretary



## MEMORANDUM

Date: January 16, 2019  
 To: Board of Directors  
 From: Tom Henning, Director of Administration  
 Subject: Bills Paid Listing

Enclosed is the Bills Paid Listing Report for **November 2018**. Please feel free to call me before the Board meeting regarding any questions you may have relating to this report. This information is provided to the Board to assist in answering possible questions regarding large expenditures.

The following major expense items (excluding payroll-related items) are listed *in order as they appear* on the Bills Paid Listing Report:

<b>Vendor</b>	<b>Project / Purpose</b>	<b>Amount</b>	<b>Funding</b>
Apple One Employment Services	Contract Staffing – Admin	\$ 5,273.60	Operating Expense
California Special Districts Assoc	Memberships	\$ 7,252.00	Operating Expense
Domenichelli and Associates, Inc	Dam Inundation Mapping	\$ 12,010.00	Water/Sewer Capital Replacement Reserves
Univar USA Inc.	Chemicals	\$ 10,904.04	Operating Expense
California Waste Recovery Systems	Solid Waste Monthly Contract	\$ 49,052.02	Operating Expense
Coastland Civil Engineering	Engineering Services	\$ 82,878.60	Operating Expense & Developer Deposits
Domino Solar LTD	Solar Power	\$ 12,473.72	Operating Expense
Golden State Flow Measurement	Meters & Boxes	\$ 10,676.97	Operating Expense
S. M. U. D.	Purchased Power	\$ 13,713.15	Operating Expense
Useware, Inc	IT Support	\$ 15,250.00	Operating Expense
Biosolids Recycling, Inc	Repairs & Maintenance	\$ 6,536.77	Operating Expense
Domenichelli and Associates, Inc	Dam Inundation Mapping	\$ 11,747.50	Water/Sewer Capital Replacement Reserves

PREPARED BY: Tom Henning, Director of Administration

REVIEWED BY:  District Treasurer

## Rancho Murieta Community Services District

### Bills Paid Listing for November 2018

Ck Number	Date	Vendor	Amount	Purpose
EFT	11/1/2018	CalPERS	\$15,050.96	Payroll - PERS Unfunded
EFT	11/1/2018	CalPERS	\$41,209.64	Payroll - PERS - Medical
EFT	11/1/2018	CalPERS	\$10,294.31	Payroll - PERS
EFT	11/2/2018	EFTPS	\$8,721.91	Payroll - Taxes - Fed
EFT	11/2/2018	CalPERS	\$10,864.94	Payroll - PERS
CM34033	11/2/2018	A Leap Ahead IT	\$4,601.72	IT Support
CM34034	11/2/2018	Accounting & Association Software Group	\$123.75	IT Support
CM34035	11/2/2018	American Crane Rental Inc.	\$4,574.30	WTP Culvert Project
CM34036	11/2/2018	American Family Life Assurance Co.	\$383.19	Payroll - Aflac
CM34037	11/2/2018	Apple One Employment Services	\$5,273.60	Contract Staffing - Admin
CM34038	11/2/2018	Applications By Design, Inc.	\$520.00	IT Support
CM34039	11/2/2018	Aramark Uniform & Career Apparel, LLC	\$409.57	Uniform Service - Water
CM34040	11/2/2018	California Cut & Core, Inc	\$1,370.00	Repairs & Maintenance
CM34041	11/2/2018	California Special Districts Association	\$7,252.00	Memberships
CM34042	11/2/2018	California State Disbursement Unit	\$79.26	Payroll - Other
CM34043	11/2/2018	CWEA	\$275.00	Certifications
CM34044	11/2/2018	CDW Government Inc.	\$4,171.96	IT Hardware - Patrol
CM34045	11/2/2018	Chrysler Capital	\$156.80	Security Vehicle Lease
CM34046	11/2/2018	Cisco Air Systems, Inc	\$4,017.30	Repairs & Maintenance
CM34047	11/2/2018	Core & Main	\$739.86	Repairs & Maintenance
CM34048	11/2/2018	County of Sacramento	\$74.00	Pre Employment Screening
CM34049	11/2/2018	Deluxe Business Checks and Solutions	\$216.09	Office Supplies
CM34050	11/2/2018	Domenichelli and Associates, Inc	\$12,010.00	Dam Inundation Mapping
CM34051	11/2/2018	Express Office Products, Inc.	\$264.22	Office Supplies
CM34052	11/2/2018	Ferrellgas	\$216.05	Propane
CM34053	11/2/2018	Franchise Tax Board	\$60.00	Payroll - Other
CM34054	11/2/2018	Galls/Quartermaster	\$118.50	Uniforms - Security
CM34055	11/2/2018	Guardian Life Insurance	\$4,870.59	Payroll - Dental
CM34056	11/2/2018	Hach Company	\$354.62	Repairs & Maintenance
CM34057	11/2/2018	Howe It's Done	\$334.46	Board Meeting
CM34058	11/2/2018	Integra Realty Resources	\$4,000.00	Emergency Well Project
CM34059	11/2/2018	Kirby's Pump & Mechanical	\$500.00	Repairs & Maintenance
CM34060	11/2/2018	Lee's Automotive Repair Inc	\$504.73	Vehicle Service #520
CM34061	11/2/2018	Legal Shield	\$23.90	Payroll - Legal
CM34062	11/2/2018	Les Schwab Tires	\$612.87	Vehicle Service #521
CM34063	11/2/2018	Nationwide Retirement Solution	\$1,120.00	Payroll - Deferred Comp
CM34064	11/2/2018	Office Depot, Inc.	\$558.52	Office Supplies
CM34065	11/2/2018	Operating Engineers Local Union No. 3	\$535.40	Payroll - Union Dues
CM34066	11/2/2018	Pace Supply Corp	\$2,390.10	Repairs & Maintenance
CM34067	11/2/2018	PDF Tactical	\$3,266.00	Contract Staffing - Security

## Rancho Murieta Community Services District

### Bills Paid Listing for November 2018

Ck Number	Date	Vendor	Amount	Purpose
CM34068	11/2/2018	Peopleready	\$1,996.00	Contract Staffing - Utility
CM34069	11/2/2018	R&S Overhead Doors and Gates of Sacramento	\$187.50	Repairs & Maintenance
CM34070	11/2/2018	River City Rentals	\$414.18	WTP Culvert Project
CM34071	11/2/2018	Sacramento Local Agency Formation Commissio	\$1,050.00	Memberships
CM34072	11/2/2018	Santander Leasing	\$240.00	Security Vehicle Lease
CM34073	11/2/2018	TASC	\$196.14	Payroll - Beneflex
CM34074	11/2/2018	U.S. Bank Corp. Payment System	\$3,607.93	Fuel & Supplies
CM34075	11/2/2018	Univar USA Inc.	\$10,904.04	Chemicals
CM34076	11/2/2018	USA Blue Book	\$1,222.08	Repairs & Maintenance
CM34077	11/2/2018	Velosio LLC	\$3,219.40	IT Support
CM34078	11/2/2018	Vision Service Plan (CA)	\$405.54	Payroll - Vision
CM34079	11/2/2018	W.W. Grainger Inc.	\$2,759.52	Repairs & Maintenance
CM34080	11/2/2018	WateReuse Association	\$722.25	Memberships
CM34081	11/2/2018	Xylem Water Solutions U.S.A., Inc.	\$4,931.63	Cantova Lift Project
CM34082	11/2/2018	Zenon Environmental Corporation	\$2,160.00	Repairs & Maintenance
EFT	11/9/2018	EFTPS	\$208.62	Payroll - Taxes - Fed
EFT	11/9/2018	EDD	\$40.61	Payroll - Taxes - CA
CM34083	11/15/2018	Costco Membership	\$1,026.82	Supplies
EFT	11/16/2018	EFTPS	\$8,181.00	Payroll - Taxes - Fed
EFT	11/16/2018	EDD	\$2,486.77	Payroll - Taxes - CA
EFT	11/16/2018	CalPERS	\$10,315.91	Payroll - PERS
CM34084	11/16/2018	A Leap Ahead IT	\$1,085.09	IT Support
CM34085	11/16/2018	American Family Life Assurance Co.	\$368.91	Payroll - Aflac
CM34086	11/16/2018	Apple One Employment Services	\$3,056.60	Contract Staffing - Admin
CM34087	11/16/2018	Aramark Uniform & Career Apparel, LLC	\$433.84	Uniform Service - Water
CM34088	11/16/2018	Backflow Distributors Inc	\$105.04	Repairs & Maintenance
CM34089	11/16/2018	Bartkiewicz, Kronick & Shanahan	\$4,794.26	Legal Services
CM34090	11/16/2018	California Laboratory Services	\$2,628.36	Lab Testing
CM34091	11/16/2018	California State Disbursement Unit	\$79.26	Payroll - Other
CM34092	11/16/2018	California Waste Recovery Systems	\$49,052.02	Solid Waste Contract
CM34093	11/16/2018	Caltronics Business Systems	\$770.22	Copier - Admin
CM34094	11/16/2018	Coastland Civil Engineering	\$82,878.60	Engineering Services
CM34095	11/16/2018	Core & Main	\$782.62	Repairs & Maintenance
CM34096	11/16/2018	Domino Solar LTD	\$12,473.72	Solar Power
CM34097	11/16/2018	Folsom Lake Fleet Services	\$584.44	Vehicle Service #818
CM34098	11/16/2018	Franchise Tax Board	\$60.00	Payroll - Other
CM34099	11/16/2018	Galls/Quartermaster	\$132.70	Uniforms - Security
CM34100	11/16/2018	Golden State Flow Measurement	\$10,676.97	Meters & Boxes
CM34101	11/16/2018	Greenfield Communications	\$460.97	Internet
CM34102	11/16/2018	Hach Company	\$1,228.35	Repairs & Maintenance

## Rancho Murieta Community Services District

### Bills Paid Listing for November 2018

Ck Number	Date	Vendor	Amount	Purpose
CM34103	11/16/2018	Lee's Automotive Repair Inc	\$1,051.79	Vehicle Service #522
CM34104	11/16/2018	Legal Shield	\$23.90	Payroll - Legal
CM34105	11/16/2018	Norcal Parts dba Lodi Truck and Equipment	\$341.48	IT Hardware - Water
CM34106	11/16/2018	Anne H Long (DBA) Marion Leasing	\$526.90	Copier - Admin
CM34107	11/16/2018	Nationwide Retirement Solution	\$1,120.00	Payroll - Deferred Comp
CM34108	11/16/2018	New Horizons CLC of Sacramento	\$2,000.00	Training & Safety
CM34109	11/16/2018	NTU Technologies, Inc.	\$2,777.60	Chemicals
CM34110	11/16/2018	Operating Engineers Local Union No. 3	\$508.63	Payroll - Union Dues
CM34111	11/16/2018	PDF Tactical	\$3,595.59	Contract Staffing - Security
CM34112	11/16/2018	Peopleready	\$948.10	Contract Staffing - Utility
CM34113	11/16/2018	Public Agency Retirement Services	\$371.74	Payroll - OPEB
CM34114	11/16/2018	Rancho Murieta Ace Hardware	\$43.26	Repairs & Maintenance
CM34115	11/16/2018	Rancho Murieta Association	\$150.00	Landscaping
CM34116	11/16/2018	Rancho Murieta Association	\$361.51	Purchased Power
CM34117	11/16/2018	River City Rentals	\$190.57	WTP Culvert Project
CM34118	11/16/2018	Romo Landscaping	\$385.00	Landscaping
CM34119	11/16/2018	S. M. U. D.	\$13,713.15	Purchased Power
CM34120	11/16/2018	Shred-It USA	\$2,460.00	Contract Shredding
CM34121	11/16/2018	Sprint	\$189.95	Air Cards
CM34122	11/16/2018	State of California	\$64.00	Pre Employment Screening
CM34123	11/16/2018	Streamline	\$300.00	Website Hosting
CM34124	11/16/2018	TASC	\$68.91	Payroll - Beneflex
CM34125	11/16/2018	TASC	\$196.14	Payroll - Beneflex
CM34126	11/16/2018	U.S. HealthWorks Medical Group, PC	\$94.00	Payroll - Other
CM34127	11/16/2018	Useware, Inc.	\$15,250.00	IT Support
CM34128	11/16/2018	W.W. Grainger Inc.	\$1,954.45	Repairs & Maintenance
CM34129	11/16/2018	Western Exterminator Co.	\$636.00	Monthly Service
EFT	11/27/2018	Pitney Bowes	\$1,500.00	Postage
EFT	11/30/2018	EFTPS	\$13,513.21	Payroll - Taxes - Fed
EFT	11/30/2018	EDD	\$6,424.43	Payroll - Taxes - CA
CM34130	11/30/2018	A Leap Ahead IT	\$2,032.09	IT Hardware - Admin
CM34131	11/30/2018	Dulogo Enterprises Inc DBA Action Cleaning	\$1,172.00	Monthly Cleaning Service
CM34132	11/30/2018	American Family Life Assurance Co.	\$368.91	Payroll - Aflac
CM34133	11/30/2018	Apple One Employment Services	\$1,169.77	Contract Staffing - Admin
CM34134	11/30/2018	Aramark Uniform & Career Apparel, LLC	\$246.66	Uniform Service - Water
CM34135	11/30/2018	AT&T	\$936.00	Cell Phones
CM34136	11/30/2018	AT&T	\$2,485.76	Land Lines
CM34137	11/30/2018	Biosolids Recycling, Inc.	\$6,536.77	Repairs & Maintenance
CM34138	11/30/2018	California State Disbursement Unit	\$79.26	Payroll - Other
CM34139	11/30/2018	Caltronics Business Systems	\$406.22	IT Hardware - Admin

## Rancho Murieta Community Services District


### Bills Paid Listing for November 2018

Ck Number	Date	Vendor	Amount	Purpose
CM34140	11/30/2018	Cisco Air Systems, Inc	\$359.35	Repairs & Maintenance
CM34141	11/30/2018	Core & Main	\$473.41	Cantova Lift Project
CM34142	11/30/2018	County of Sacramento	\$74.00	Pre Employment Screening
CM34143	11/30/2018	Ditch Witch West	\$1,232.61	Vehicle Service - Jetter
CM34144	11/30/2018	Domenichelli and Associates, Inc	\$11,747.50	Dam Inundation Mapping
CM34145	11/30/2018	Express Office Products, Inc.	\$2,006.72	Office Supplies
CM34146	11/30/2018	Franchise Tax Board	\$60.00	Payroll - Other
CM34147	11/30/2018	Fred Pryor Seminars/CareerTrack	\$149.00	Training & Safety
CM34148	11/30/2018	Harrington Industrial Plastics	\$450.42	Repairs & Maintenance
CM34149	11/30/2018	Hastie's Capitol Sand and Gravel Co.	\$1,145.00	Repairs & Maintenance
CM34150	11/30/2018	Home Depot Credit Services	\$650.09	Repairs & Maintenance
CM34151	11/30/2018	Howe It's Done	\$321.53	Board Meeting
CM34152	11/30/2018	Lee's Automotive Repair Inc	\$1,350.78	Vehicle Service #522
CM34153	11/30/2018	Legal Shield	\$23.90	Payroll - Legal
CM34154	11/30/2018	Nationwide Retirement Solution	\$1,120.00	Payroll - Deferred Comp
CM34155	11/30/2018	Operating Engineers Local Union No. 3	\$508.63	Payroll - Union Dues
CM34156	11/30/2018	Pape Machinery	\$707.11	Vehicle Service - Backhoe
CM34157	11/30/2018	PDF Tactical	\$3,645.04	Contract Staffing - Security
CM34158	11/30/2018	Pirtek Power Inn	\$1,746.01	Vehicle Service - Backhoe
CM34159	11/30/2018	Pitney Bowes	\$78.30	Office Supplies
CM34160	11/30/2018	Prodigy Electric & Controls Inc.	\$4,394.90	Repairs & Maintenance
CM34161	11/30/2018	R&S Overhead Doors and Gates of Sacramento	\$568.88	Repairs & Maintenance
CM34162	11/30/2018	River City Rentals	\$224.17	WTP Culvert Project
CM34163	11/30/2018	State of California	\$2,865.05	Water Rights
CM34164	11/30/2018	State of California	\$231.21	VOID
CM34165	11/30/2018	TASC	\$196.14	Payroll - Beneflex
CM34166	11/30/2018	Tesco Controls, Inc.	\$1,578.60	Repairs & Maintenance
CM34167	11/30/2018	U.S. HealthWorks Medical Group, PC	\$747.00	Pre Employment Screening & Payroll-Other
CM34168	11/30/2018	U.S. Postal Service	\$450.00	Postage
CM34169	11/30/2018	State of California	\$231.21	Water Rights
		<b>TOTAL</b>	<b>\$505,347.13</b>	

**Rancho Murieta Community Services District  
Bills Paid Listing for November 2018**

Ck Number	Date	Vendor	Amount	Purpose
		<b>CFD 2014-1 Bank of America Checking</b>		
CM2072	11/16/2018	Corelogic Solutions, LLC	\$ 206.00	CFD-2014 Admin Fee
		<b>TOTAL</b>	<b>\$ 206.00</b>	
		<b>EL DORADO PAYROLL</b>		
Checks: CM11880 to CM11922 and Direct Deposits: DD10834 to DD10917			\$ 204,287.46	Payroll
EFT	Various	National Payment Corp	\$117.86	Payroll
		<b>TOTAL</b>	<b>\$204,405.32</b>	

PREPARED BY: Tom Henning, Director of Administration

REVIEWED BY:  , District Treasurer

# MEMORANDUM

**Date:** January 11, 2019  
**To:** Board of Directors  
**From:** Mark Martin, General Manager  
**Subject:** General Manager's Report

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## BOARD OF DIRECTORS

On January 8, 2019, District Counsel Richard Shanahan provided a two-hour training for Directors and staff on compliance with the Brown Act along with an overview of the Board Guidelines from District Code Chapter 2 that describes Board rules and procedures.

## JOINT SECURITY COMMITTEE MEETING

The District's General Manager and Security Chief met with the Rancho Murieta Association (RMA) General Manager and Assistant General Manager on December 27, 2018, to go over the final public comments from the Security Town Hall organized by area of responsibility (District, RMA, Other). Responses to comments and discussion points are to be brought forward as part of a Joint Security Committee meeting tentatively scheduled for February 28, 2019 in the District's Board Room. Staff intends to send invitations out to the full contingent of community stakeholders invited to October's town hall.

## GENERAL LEGISLATIVE UPDATE 2019

District Counsel provided the District with their annual update on legislative changes for 2019. A copy of their letter is attached. I will touch upon a few key topics from the memo at the January 16, 2019 Board Meeting.

## OUTREACH/ADVOCACY

January 3, 2019: **CSD/RMA General Manager meeting.** Greg Vorster, RMA General Manager, and I met as part of a regularly scheduled monthly meeting to discuss routine operational coordination between the two (2) organizations.

January 9, 2019: **Sacramento Central Groundwater Authority (SCGA).** Attended Regular Board Meeting. An update was provided on some of the groundwater modeling conducted by the organization. Recent groundwater well monitoring has reflected some improvement to the groundwater basin over the past few years. Questions arose about how to encourage high consumption groundwater uses to conserve and even more important how to identify which uses are impacting groundwater cones of depression not within the proximity of the identified cones of depression. Put more simply, water usage of one part of the basin could be the cause for cones of depression in another area, so the agencies or users local to the cone of depression are not necessarily to blame for the circumstance, making it somewhat complicated to properly assess/fine those who have exceeded proposed use limits during critical overdraft periods.

January 10, 2019: **Regional Water Authority (RWA).** Attended Regular Board Meeting. Topics were election of the 2019 Executive Committee members, and a legislative update on a number of bills and legislation. SB 998 having to do with application of late fees and timing of shutoffs for low income households was a hot topic. Just

as staff envisioned after reading the legislation, the administration of the program could prove problematic since it would involve RMCS D staff having to verify and maintain a record of household incomes if 200% or less of the federal poverty rate for those requesting special status afforded by the legislation. The State's proposed water tax legislation is likely to reappear this year. I expect to attend a more focused RWA meeting on legislative advocacy scheduled for January 16, 2019.



**BARTKIEWICZ, KRONICK & SHANAHAN**

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ALAN B. LILLY  
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*Retired*  
PAUL M. BARTKIEWICZ  
STEPHEN A. KRONICK

**PRIVILEGED & CONFIDENTIAL**  
**ATTORNEY-CLIENT COMMUNICATION**

**MEMORANDUM**

**TO: PUBLIC AGENCY CLIENTS**  
**FROM: BARTKIEWICZ, KRONICK & SHANAHAN**  
**DATE: DECEMBER 21, 2018**  
**RE: SUMMARY OF NEW LEGISLATION FOR 2019**

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A number of new laws may impact your agency in 2019. We have prepared this memorandum to summarize laws enacted in the last year, as well as previously-enacted laws with provisions that take effect in 2019, and to recommend actions for complying with any new requirements. Except as noted below, the laws discussed in this memorandum will take effect on January 1, 2019.

**ENERGY & ENVIRONMENT**

**SB 100 - California Renewables Portfolio Standard Program: emissions of greenhouse gases.**

The California Renewables Portfolio Standard Program includes a target that eligible renewable resources comprise 50% of total retail sales of electricity by December 31, 2030. This law accelerates the target date for attaining 50% renewables to December 31, 2026, and sets a 60% renewables target for December 31, 2030. The law also declares that it is state policy that all retail sales of electricity to California end-use customers and all electricity procured to serve state agencies come from eligible renewable energy resources and zero-carbon resources by December 31, 2045. The bill does not define “zero-carbon,” however, and it is not clear whether this term includes all hydroelectric generation. We expect legislative or regulatory efforts to clarify this ambiguity in 2019.

## **GENERAL LOCAL GOVERNMENT**

### **AB 110 - Recording fees.**

Passed in 2017 to raise revenues for affordable housing, SB 2 imposed a \$75 fee on the recording of certain documents. Although public agencies generally are exempt from recording fees under Government Code sections 6103 and 27383, some county recorders took the position that the new fee applied to public agencies. AB 110 clarifies that public agencies are exempt from payment of SB 2's \$75 recording fee. AB 110 became effective immediately upon its passage and was made retroactive to January 1, 2018.

### **AB 2257 - Local agency meetings: agenda: online posting.**

The Brown Act requires public agencies to post an agenda containing a brief, general description of each item of business to be transacted at least 72 hours prior to a regular meeting or 24 hours prior to a special meeting. This law, passed in 2016, applies the following requirements to a public agency when posting an agenda on the agency's website, beginning January 1, 2019:

- The agency must place on the homepage of its website a prominent direct link to either: (a) the current meeting agenda (i.e., a single click on the link will take the user to the agenda), or (b) a webpage showing the current and other prior meeting agendas, with the current agenda listed as the first agenda available at the top of the webpage. The agenda may no longer be placed in a drop-down or pop-up menu.
- The linked agenda must be in a downloadable, indexable (i.e., able to be found through a search engine), and electronically searchable HTML (i.e., webpage), Word, or PDF format (or other open computer format that satisfies these requirements).

These requirements apply to meetings of the principal governing board and to board committee meetings if the committee members are compensated for their attendance at the meeting. The primary purpose of AB 2257 is to make sure that online agendas are not "buried" within and difficult to find on an agency's website or posted in a manner that is not intuitively navigable by a website user. Please contact your principal BKS attorney if you are unsure whether your agency's website complies with these requirements.

### **AB 2329 - Special districts: board of directors: compensation.**

Typically, a special district's enabling legislation sets the amount of compensation a member of its board of directors may receive. AB 2329 amends the

enabling legislation for a number of special district types, including fire protection districts and recreation and park districts, to apply a uniform maximum for board member compensation.<sup>1</sup>

Under the Fire Protection District Law of 1987, each member of a fire protection district's board of directors may receive up to \$100 for attending each board meeting, not to exceed four meetings in any calendar month. AB 2329 authorizes a fire protection district to compensate board members for attending up to six meetings in a calendar month, provided that the board adopts a policy each year, based on a finding supported by substantial evidence, describing why more than four meetings per month are necessary for the effective operation of the district.

Under the Recreation and Park District Law, each member of a recreation and park district's board of directors may receive up to \$100 for attending each board meeting, subject to a total \$500 limit for any calendar month. AB 2329 authorizes a recreation and park district to compensate board members for attending up to six meetings in a calendar month, provided that the board adopts a policy each year, based on a finding supported by substantial evidence, describing why more than five meetings per month are necessary for the effective operation of the district. This law also authorizes the board of directors to pass an ordinance once per year increasing board compensation for meeting attendance by up to five percent.

### **SB 929 - Special districts: Internet Websites.**

SB 929 requires all "independent special districts"<sup>2</sup> to maintain a website. The website must otherwise comply with requirements applicable to public agency websites (which may include a catalog of enterprise systems, financial reports, compensation information of officials and employees, public meeting agendas) and must clearly list the district's contact information.

An independent special district may be exempt from this requirement if it adopts a resolution that includes both: (1) a determination that a hardship exists that prevents the district from establishing and maintaining a website, and (2) detailed findings noted in the official meeting minutes supporting the related

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<sup>1</sup> AB 2329 additionally revises compensation limits for board members of public cemetery districts, hospital districts, regional park districts, open space districts, and airport districts.

<sup>2</sup> As defined under the Government Code, an "independent special district" includes any special district having a legislative body with members elected by voters or landowners within the district, or with members are appointed to fixed terms, but does not include any special district having a legislative body consisting, in whole or in part, of ex officio members who are officers of a county or another local agency. (Gov. Code § 56044.) An "independent special district" also does not include any city, county, improvement district, or community facilities district. (*Id.* § 56036.)

hardship. Such hardships may include but are not limited to: inadequate access to broadband communications, significantly limited financial resources, or insufficient staff resources.

## **LABOR AND EMPLOYMENT**

### **AB 1912 - Public employees' retirement: joint powers agreements: liability.**

The Joint Exercise of Powers Act authorizes two or more public agencies, by agreement, to jointly exercise any common power and to form a separate legal entity (a joint powers authority, or JPA). Under this act, the debts, liabilities, and obligations of the JPA are the debts, liabilities, and obligations of the parties to the agreement, unless the agreement specifies otherwise. JPAs commonly contract with public retirement systems, such as the Public Employees' Retirement System (PERS), to provide pension benefits to public employees of the JPA. JPA agreements commonly state that public retirement system obligations of the JPA are not debts, liabilities, or obligations of the public agency members of the JPA.

Under AB 1912, parties to a joint powers agreement may not otherwise exclude assumption of the retirement liabilities of the JPA if the JPA contracts with a public retirement system. The law creates a process to apportion the retirement liabilities of a JPA that dissolves or terminates its participation in a public retirement system. Public agency members of a JPA may agree to apportion the JPA's retirement obligations that each public agency member must assume. If the public agency members cannot agree on the apportionment, however, PERS will apportion the liability of the public agency members. Either way, the public agency members must apportion 100 percent of the JPA's retirement liability.

AB 1912 applies retroactively to current and former public agency members of a JPA. The law does not apply to former public agency members of a JPA that dissolved before January 1, 2019.

### **AB 1976 - Employment: lactation accommodation.**

Current law requires an employer to provide a reasonable amount of break time and to make reasonable efforts to provide a location other than a "toilet stall" for a nursing mother employee to lactate in private. AB 1976 amends this requirement so that an employer must make a reasonable effort to provide a room or location that is not a bathroom. The law applies to all employers regardless of size. An employer may continue operating under the previous requirement to provide a location other than a toilet stall if the employer can demonstrate to the Department of Industrial Relations that the new requirement to provide a location other than a bathroom would impose an undue hardship.

**AB 2334 - Occupational injuries and illness: employer reporting requirements: electronic submission.**

Responding to a potential rollback of federal workplace injury and illness reporting requirements, AB 2334 instructs the state Division of Occupational Safety and Health (Cal/OSHA) to monitor rulemaking at the federal level. If Cal/OSHA determines that the federal Occupational Safety and Health Administration “has eliminated or substantially diminished” the 2016 federal rule requiring employers in certain industries to electronically submit injury and illness data, Cal/OSHA must convene a committee to evaluate potential changes to protect the goals of this rule at the state level.

AB 2334 also provides for a longer statute of limitations for record retention violations. Currently, Cal/OSHA may only issue a citation for an employer’s violation of workplace injury or illness recordkeeping requirements within six months after the “occurrence” of the violation. AB 2334 specifies that an “occurrence” continues until it is corrected, or Cal/OSHA discovers the violation, or the duty to comply with the violated requirement ceases to exist. An employer’s failure to record an injury or illness therefore would constitute a “continuing violation” until discovered or corrected.

**Responding to the #MeToo Movement**

A number of bills passed in 2018 in response to the #MeToo Movement. These bills address work-related sexual harassment issues that apply to both private and public employers. A few of the most impactful include the following:

**AB 2770 - Sexual harassment; privileged communications by former employer and victims.**

Existing law protects certain communications from a lawsuit for defamation. This privilege includes an employer’s communications concerning the job performance of a current or former employee made to a prospective employer. AB 2770 states that this privilege includes disclosure of a complaint of sexual harassment against the current or former employee, so long as it is based on credible evidence and without malice. AB 2770 specifies that an employer may answer whether or not they would rehire a current or former employee and whether or not a decision to not rehire is based upon the employer’s determination that the employee engaged in sexual harassment.

**AB 3109 - Contracts: waiver of right of petition or free speech.**

AB 3109 makes void and unenforceable any provision in a contract or settlement agreement that waives a party’s right to testify in an administrative,

legislative, or judicial proceeding concerning alleged criminal conduct or sexual harassment. The law applies to contracts or agreements entered into on or after January 1, 2019.

**SB 820 - Settlement agreements: confidentiality.**

SB 820 prohibits secret settlement agreements and nondisclosure agreements by making void and against public policy any provision in a settlement agreement that prevents the disclosure of factual information relating to sexual assault, sexual harassment, and workplace harassment or discrimination based on sex. The law authorizes provisions that protect the identity of the claimant if the claimant has requested anonymity, but states that this does not apply if a government agency or public official is a party to the settlement agreement. SB 820 also states that it does not prohibit agreements that preclude disclosure of the amount paid in settlement of a claim, but does not include similar language exempting public agencies or officials. Notwithstanding this omission, however, public agencies generally cannot make settlement agreements secret. SB 820 applies to agreements entered into on or after January 1, 2019.

**SB 1300 - Unlawful employment practices: discrimination and harassment.**

SB 1300 is a comprehensive bill that revises standards and procedures for litigating sexual harassment claims. Among other things, SB 1300 prohibits employers from requiring an employee to sign as a condition of employment, raise, or bonus a release of Fair Employment and Housing Act (FEHA) claims or rights or a document prohibiting disclosure of information about unlawful acts in the workplace, including non-disparagement agreements. This provision does not apply, however, to negotiated settlement agreements to resolve FEHA claims filed in court, before administrative agencies, alternative dispute resolution, or through the employer's internal complaint process. SB 1300 also prohibits a court from awarding a prevailing defendant its attorney's fees and costs unless the court finds that the plaintiff's action was frivolous, unreasonable, or groundless when brought or that the plaintiff continued to litigate after it clearly became so.

Current law provides that an employer may be liable for sexual harassment committed by non-employees (such as customers, vendors or other third parties) if the employer knew or should have known of the conduct and failed to take corrective action. SB 1300 expands this potential liability to other forms of harassment prohibited under FEHA. Clients should review their anti-harassment policies to determine if they need to be updated to reflect this change in the law. If you would like assistance with reviewing and revising your policy, please contact your principal BKS attorney.

**SB 1343 - Employers: sexual harassment training: requirements.**

Current law requires employers with 50 or more employees to provide at least two hours of sexual harassment training to all supervisors. SB 1343 extends this requirement to any employer with five or more employees, and requires that each applicable employer also provide at least one hour of sexual harassment to all nonsupervisory employees. Employers must conduct this training by January 1, 2020, and must hold trainings at least once every two years thereafter. New employees must receive training within six months of assuming a position with the employer. The law directs the Department of Fair Employment and Housing to develop a two-hour video training course on sexual harassment prevention that employers can use to fulfill the training requirements.

**PUBLIC WORKS**

**AB 2249 - Public contracts: local agencies: alternative procedure.**

AB 2249 increases the bid thresholds under the Uniform Public Construction Cost Accounting Act. With the increased thresholds, agencies that have adopted the procurement procedures authorized by the Act may perform public projects of \$60,000 or less without competitive bidding and will not be required to undertake formal bidding unless the public project exceeds \$200,000.

**WATER**

**AB 747 - State Water Resources Control Board: Administrative Hearings Office.**

AB 747 creates an Administrative Hearings Office within the State Water Resources Control Board (State Board) to hear and adjudicate complex water rights matters. Under the new law, hearing officers similar to administrative law judges will preside over hearings to consider a complaint of unauthorized diversion or use, a notice of a proposed cease and desist order, or a notice of a revocation of a permit or license. The law also authorizes the State Board to request assistance from a hearing officer when conducting an adjudicative proceeding and to assign an adjudicative hearing in whole or part to the Administrative Hearings Office.

**AB 1270 - Dams and Reservoirs: Inspection.**

AB 1270 requires the Department of Water Resources (DWR) to inspect dams, reservoirs, and other structures. Inspections must occur once per fiscal year; “low hazard potential dams,” however, only require inspection at least every two fiscal years. The owner of a dam must operate critical outlet and spillway control

features on an annual basis and must demonstrate the operability of these features in the presence of DWR every three years, or as directed by DWR.

The law specifies that dam inspection reports are public records subject to disclosure under the California Public Records Act. DWR, in consultation with the dam owner and relevant public safety entities, may withhold from public release sensitive information that discloses a dam's vulnerability or poses a security threat.

### **AB 1668/SB 606 – Water management planning.**

AB 1668 and SB 606 are a water-use efficiency and conservation bill package passed in response to Governor Brown's May 2016 order that established a framework for "Making Conservation a Way of Life." The laws add new long-term water conservation mandates and make numerous changes to water supply and drought planning requirements imposed on urban and agricultural water suppliers.

New standards: The bills require the State Board, in coordination with DWR, to establish long-term urban water use efficiency standards, including performance measures for commercial, industrial, and institutional water use, by June 30, 2022. For indoor residential water use, the bills establish a 55 gallons per-person, per-day standard through January 1, 2025. After then, the standard amount will reduce incrementally to 52.5 gallons per-person, per-day through January 1, 2030, and to 50 gallons per-person, per-day thereafter. However, DWR and the State Board may jointly recommend to the Legislature standards that "more appropriately" reflect best practices for indoor residential water use, based on studies and investigations done in collaboration with stakeholders including environmental groups and water agencies. For outdoor residential use and commercial, industrial, and institutional use, DWR will conduct statewide landscaping and climate studies and will recommend standards to the State Board by October 1, 2021. Ultimately, the laws permit the State Board to adopt new conservation standards, although that authority is limited to a one-time standard setting process and would not provide the State Board continuing authority to adjust the standards.

Enforcement: Beginning in 2027, violations of a regulation issued to enforce the new standards will be subject to civil liability proceedings. Water suppliers' failure to comply with the State Board's adopted long-term standards could result in fines of \$1,000 per day during non-drought years, and \$10,000 per day during declared drought emergencies and certain dry years.

Reporting requirements: The laws additionally outline reporting requirements for urban water suppliers. In particular, SB 606 contains provisions concerning water shortage planning and water loss reporting for urban wholesale water suppliers and establishes a bonus incentive for potable reuse water. Urban water suppliers must conduct annual drought risk assessments and submit an



annual report to DWR. The law also requires urban water suppliers to adopt a water shortage contingency plan with certain specified requirements.

Other provisions: AB 1668 requires DWR, the SWRCB, and other relevant stakeholders to identify small water suppliers and rural communities that may be at risk of drought and water shortage vulnerability and provide recommendations for drought planning. AB 1668 additionally requires agricultural water suppliers to submit delivery data and to prepare annual water budgets and drought plans under the Agricultural Water Management Planning Act.

Overall, the full scope of these new laws will not be known for several years until the relevant state agencies develop the standards and regulations provided for in the legislation. The regulatory process will not be completed until 2021. Our office will keep you informed as the proposals for the new standards are developed.

**AB 2370 - Lead exposure: child day care facilities: family day care homes.**

Existing law, the California Child Day Care Facilities Act, requires certain health and safety training as a condition of obtaining a license to operate a facility. AB 2370 requires, as a condition of issuing a license under this Act on or after July 1, 2020, that this health and safety training include instruction in the prevention of lead exposure. In addition, AB 2370 requires a licensed child day care center that is located in a building that was constructed before January 1, 2010, to have its drinking water tested for lead contamination levels on a specified schedule. The day care center must notify parents or legal guardians of enrolled children of the required testing and its results. If the testing shows that the child day care center has elevated lead levels, the center must immediately make inoperable and cease using affected water fountains and faucets, and must obtain a potable source for water for children and staff. The law does not impose any requirements on water service providers.

**AB 2371 - Water use efficiency; landscape irrigation.**

AB 2371 enacts into law several recommendations from an independent technical panel report to the Legislature to increase efficiency and sustainability of landscape water use. The measures include: a requirement that the landscape contractors' examination include questions concerning water use efficiency and sustainable practices; an addition to authorized subjects of a home inspection report to include information regarding the operation and observation of the home's in-ground landscape irrigation system; and the creation of a working group relating to water use associated with landscape plants.

**AB 2501 - Drinking water: state administrators: consolidation and extension of service.**

AB 2501 extends previous legislation related to improving water service to disadvantaged communities to advance the “human right to safe drinking water.” AB 2501 empowers the State Board to order a water system serving a disadvantaged community that consistently fails to provide an adequate supply of safe drinking water to consolidate with an existing water system. The law also empowers the State Board to order consolidation where a disadvantaged community is reliant on a domestic well that consistently fails to provide an adequate supply of safe drinking water. In addition, the law authorizes the State Board to order a water system that consistently fails to provide an adequate supply of affordable, safe drinking water to accept administrative, technical, operational, or managerial services from an administrator appointed by the State Board.

**SB 998 - Water shutoffs: urban and community water systems.**

SB 998 restricts the ability of retail residential water service providers to discontinue service. The law applies to urban and community water systems, defined as a public water system that supplies water to more than 200 service connections. Its requirements go into effect on April 1, 2020.

Policy requirement: SB 998 requires water systems to adopt a written policy concerning residential service shutoff for nonpayment that is available in English, the languages listed in Section 1632 of the Civil Code (which currently include Spanish, Chinese, Tagalog, Vietnamese, and Korean), and any other language spoken by at least 10 percent of the people residing in the system’s service area. The policy must include a plan for deferred or reduced payments, alternative payment schedules, a formal mechanism for contesting or appealing a bill, and customer service policy information. The system must make the policy available on its website and provide the policy annually to customers in writing.

Service termination restriction: Under SB 998, a water system may not discontinue residential water service for nonpayment until a customer has been delinquent for at least 60 days. At least seven business days before discontinuation, the system must provide notice in writing or by telephone that includes an offer to discuss alternative payment methods or deferred payments and information about available appeals and extensions. The system then may not discontinue service if: (1) the customer or the customer’s tenant submits a certification from a primary care provider that discontinuation of service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises; (2) the customer demonstrates that he or she is financially unable to pay within the water system’s normal billing cycle; and (3) the customer is willing to enter into an alternative payment arrangement under the water system’s policy.

If all of these conditions are met, the water system must enter into an alternative payment arrangement or partially or fully reduce the customer's unpaid balance if this can be done without additional charges to other ratepayers. The water system may discontinue service (after posting final notice for at least five days) only if the customer fails to comply with an alternative payment arrangement for over 60 days, or, in the course of any alternative arrangement, the customer fails to pay his or her current charges for 60 days or more. In the case of a disconnection, the water system must provide the customer with information on how to restore water service.

Reconnection limitation: If a customer demonstrates household income below 200 percent of the federal poverty line, the water system may not charge a reconnection fee above \$50 (if during normal operating hours) or \$150 (if outside of operational hours), subject to an annual adjustment for changes in the Consumer Price Index beginning January 1, 2021. The water system also must waive interest charges on delinquent bills once every 12 months.

Reporting requirement: A system must report the number of disconnections of residential service for inability to pay on the system's website and to the State Board.

Enforcement: SB 998 expands the authority of the State Board and the Attorney General to enforce its provisions. The State Board may issue citations and orders directing compliance, and the Attorney General, at the request of the State Board or on his or her own motion, may bring an action in state court to restrain by temporary or permanent injunction any practice made unlawful under SB 998.

Next Steps: SB 998 presents a number of unanswered questions that will affect clients that provide retail residential water service. We are evaluating how clients might best comply with SB 998, and will provide more detailed and targeted advice to clients that provide residential water service in the first half of 2019. We also are discussing this issue with ACWA and other trade association staffs to see if their association might be working on some sample forms and policies that members can use or pursuing any sort of legislation to amend SB 998 to at least clarify or change some of its more onerous or ambiguous provisions. We will keep affected clients informed as SB 998 implementation activities develop in 2019.

### **SB 1215 - Provision of sewer service: disadvantaged communities.**

SB 1215 authorizes regional water quality control boards to order a city or special district to provide sewer service to a disadvantaged community under certain circumstances. Before doing so, a regional board must follow certain procedures, which include holding at least one public meeting, encouraging

voluntary provisions of sewer service, and considering alternative enforcement remedies. A regional board also must consult with other agencies including the respective Local Agency Formation Commission, the State Board, and other local public agencies with land use or public health authority. Affected residents in the disadvantaged community must receive notice and the opportunity to comment, and property owners with adequate onsite sewage treatment systems may opt out of receiving service under certain conditions.

**SB 1422 – California Safe Drinking Water Act: microplastics.**

SB 1422 requires the State Board to: (1) by July 1, 2020, adopt a definition of microplastics in drinking water; and (2) by July 1, 2021, adopt regulations requiring four years of annual testing for microplastics in drinking water and reporting and public disclosure of the test results. The law requires the State Board to adopt a standard testing methodology and accredit qualified laboratories for the testing.

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If you have any questions regarding the new laws discussed in this memorandum or if you need assistance reviewing or revising any of your agency's related policies, documents, or forms, or preparing new policies, please contact your primary BKS attorney.

## MEMORANDUM

Date: January 11, 2019  
 To: Board of Directors  
 From: Tom Hennig, Director of Administration  
 Subject: Administration / Financial Reports

Enclosed is a combined financial summary for **November 2018**. Following are highlights from various internal financial reports. Please feel free to call me before the Board meeting regarding any questions you may have relating to these reports.

*This information is provided to the Board to assist in answering possible questions regarding under or over-budget items. In addition, other items of interest are included.*

**Residential Water Consumption** – Year-to-date residential water usage was below budget 6.5% through November. Listed below are year-to-date water consumption numbers using weighted averages:

		12 month rolling % increase	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Residences</b>	0.2%		2,539	2,542	2,542	2,543	2453							
		Weighted Average	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Cubic Feet</b>	2,457		2,672	2,659	2,566	1,930	1,522							
<b>Gallons per day</b>	613		666	663	640	481	379							
<b>Planned Usage GPD</b>	<b>627</b>													

**Commercial/Other Water Consumption** – Year-to-date commercial water usage was 2.3% below budget through October. Listed below are year-to-date water consumption numbers in cubic feet:

		YTD Totals	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Commercial</b>	495,036		136,243	134,170	128,218	96,405	74,880							
<b>Parks</b>	240,537		88,540	68,739	50,519	32,739	16,480							
<b>Raw Water</b>	308,351		37,475	126,163	93,612	51,101	10,110							
<b>CSD</b>	74,863		21,501	19,548	18,782	15,032	12,703							
<b>Totals</b>	<b>1,118,787</b>		<b>283,859</b>	<b>348,620</b>	<b>291,131</b>	<b>195,277</b>	<b>114,173</b>							

**Lock-Offs** – During the month of November, there were eleven (11) lock-offs.

**Connection Fees** – There no connection fees received in November.

**Aging Report** – Delinquent accounts totaled \$153,392 which was 19.2% of the total accounts receivable balance of \$797,550. Past due receivables increased \$46,432 or 43.4% from the prior month. Of the total delinquent amount, \$99,056 was related to undeveloped property.

**Summary of Reserve Accounts as of November 30, 2018** – The District’s reserve accounts began the fiscal year with a balance of \$5,825,224 and have increased \$187,537 through the month of November. Aside from the recurring monthly reserve contributions and normal inter-fund borrowing repayments: \$3,569 was paid from Water and Sewer Capital Replacement Reserves for the Dam Inundation Study; \$6,277 was paid from Water Improvement Reserves for the WTP Culvert Project; and \$473 was paid from Sewer Capital Replacement

Reserves for the Cantova Lift Station Pump and Rail replacement. Additions to the reserve accounts included \$2,409 in Capital Improvement Reserves from a new connection.

### Reserve Fund Balances

Reserve Descriptions	Fiscal Yr Beg Balance July 1, 2018	YTD Collected & Interest Earned	YTD Spent	Period End Balance Nov 30, 2018
Water Capital Replacement (200-2505)	1,375,775	116,395	(68,262)	1,423,908
Sewer Capital Replacement (250-2505)	2,745,922	176,854	(85,900)	2,836,876
Drainage Capital Replacement (260-2505)	108,771	14,342	(0)	123,113
Security Capital Replacement (500-2505)	121,869	21,144	(9,768)	133,245
Admin Capital Replacement (xxx-2505-99)	87,096	34	(0)	87,130
Sewer Capital Improvement Connection (250-2500)	4,134	22	(0)	4,156
Capital Improvement (xxx-2510)	349,075	17,175	(4,984)	361,266
Water Supply Augmentation (200-2511)	1,744,938	37,167	(13,886)	1,768,219
WTP Construction Fund Reserve (200-2513)	(702,387)	78,056	(90,797)	(715,129)
Security Impact Fee Reserves (500-2513)	(9,969)	0	(54)	(10,023)
<b>Total Reserves</b>	<b>5,825,224</b>	<b>461,189</b>	<b>(273,652)</b>	<b>6,012,761</b>

### Inter-fund Borrowing Balances

Inter-fund Borrowing	Fiscal Yr Beg Balance July 1, 2018	YTD Interest	YTD Repayment	Period End Balance Nov 30, 2018
Sewer Loan to WTP Construction Fund	996,749	8,058	(58,588)	938,162
WSA Loan to WTP Construction Fund	332,250	2,686	(19,541)	312,709
N. Gate Security Loan from Drainage Fund	40,367	303	(9,515)	30,852
<b>Total Inter-fund Borrowing</b>	<b>1,369,366</b>	<b>11,047</b>	<b>(87,644)</b>	<b>1,281,723</b>

### Financial Items of Note

- On December 18, 2018 the District received a payment of \$585,362 from the County of Sacramento related to the 2018-2019 Teeter assessment. We are working with the County of Sacramento to determine the timing of the remaining payments.

### Financial Summary Report (year-to-date through November 30, 2018)

#### Revenues:

**Water Charges**, year-to-date, are **below** budget \$37,116 or **(3.3%)**

**Sewer Charges**, year-to-date, are **above** budget \$607 or **0.1%**

**Drainage Charges**, year-to-date, are **below** budget \$861 or **(1.0%)**

**Security Charges**, year-to-date, are **below** budget \$752 or **(0.1%)**

**Solid Waste Charges**, year-to-date, are **above budget \$1,981 or 0.7%**

**Total Revenue**, which includes other income, property taxes, and interest income is **below budget \$16.422 or (0.6%)**.

**Expenses:** Year-to-date total operating expenses are **below budget \$295,558 or (10.7%)**. There have been no operational reserve expenditures so far this year. Operational reserve expenditures cover projects funded from reserves which are also recorded as operational expenses through the income statement as required by Generally Accepted Accounting Principles (GAAP).

**Water Expenses** (including wages & employer costs) year-to-date, are **below budget \$144,035 or (18.1%)**. The Water Department has underspent on most expense categories so far this year. Repairs & maintenance, salaries & wages, meters & boxes, consulting, and legal are the largest under budget expenses. To date, no funds have been spent against the \$30,000 budgeted for legal fees relating to water rights renewals.

**Sewer Expenses**, year-to-date, are **below budget by \$23,365 or (5.3%)**. The Sewer Department is over budget in purchased power, chemicals, and lab testing, but under budget in most other expense categories.

**Drainage Expenses**, year-to-date, are **below budget by \$27,561 or (32.4%)**. Drainage has seen savings across all expense categories so far this year.

**Combined Water/Sewer/Drainage Wages**, year-to-date, are **below budget by \$53,376 or (12.5%)**. This savings is offset by \$10,180 expended for contract staffing. Utility personnel at the District allocate their time between the Water, Sewer and Drainage Departments as needed and as directed. This section is being reported to help gauge overall utility personnel expenses versus budget.

**Security Expenses**, year-to-date, are **below budget by \$34,264 or (6.2%)**. Security Gate expenses are **below budget by \$21,696 or (11.2%)** with savings in wages being partially offset by contract staffing. Security Patrol expenses are **below budget by \$41,932 or (21.3%)** with the same offset between wages and contract staffing.

**Solid Waste Expenses**, year-to-date, are **above budget by \$4,020 or 1.6%**. Solid waste revenues and expenses are driven by service requests from the community and are both slightly over budget through November.

**General Expenses**, year-to-date, are **below budget by \$70,353 or (11.3%)**. Savings were seen across most expense categories with the biggest savings being in recruitment, legal, training/safety, and salaries & wages.

**Net Income:** Net income/(Loss) adjusted for estimated depreciation expense is \$19,933. The full-year expected net operating income (loss) before depreciation, per the 2018-2019 budget, is (\$35,573). Including non-operating reserve expenditures (inter-fund borrowing interest expenses) the total expected net loss for the year is (\$54,882).

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

## INVESTMENT REPORT

CASH BALANCE AS OF NOVEMBER 30, 2018

INSTITUTION	YIELD	BALANCE
<b>CSD FUNDS</b>		
<b>EL DORADO SAVINGS BANK</b>		
SAVINGS	0.03%	
CHECKING	0.02%	\$ 96,318.72
PAYROLL	0.02%	\$ 3,945.78
<b>BANNER BANK</b>		
EFT	0.00%	\$ 17,133.64
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>		
UNRESTRICTED	2.21%	\$ 637,723.08
RESTRICTED RESERVES	2.21%	\$ 5,394,830.64
<b>CALIFORNIA ASSET MGMT (CAMP)</b>		
OPERATION ACCOUNT	2.36%	\$ 619,597.22
<b>UNION BANK</b>		
PARS GASB45 TRUST (balance as of 10/31/18)	(4.87%)	\$ 1,734,070.31
<b>TOTAL CSD</b>		<b>\$ 8,503,619.39</b>

## BOND FUNDS

### COMMUNITY FACILITIES DISTRICT NO. 2014-1 (CFD)

<b>BANK OF AMERICA</b>		
CHECKING	0.00%	\$ 176,878.70
<b>WILMINGTON TRUST</b>		
BOND RESERVE FUND	1.82%	\$ 392,682.11
BOND ADMIN EXPENSE	1.82%	\$ 24.31
BOND SPECIAL TAX FUND	1.82%	\$ -
BOND ACQ & CONSTRUCTION	1.82%	\$ 6,589.51
BOND REDEMPTION ACCOUNT	1.82%	\$ -
BOND COI	1.82%	\$ -
BOND SURPLUS	1.82%	\$ 59.69
<b>TOTAL CFD</b>		<b>\$ 576,234.32</b>
<b>TOTAL ALL FUNDS</b>		<b>\$ 9,079,853.71</b>

\*Investments comply with the CSD adopted investment policy.

PREPARED BY: Tom Henning, Director of Administration

REVIEWED BY:  District Treasurer



## Rancho Murieta Community Services District

### Budget Performance Report by FUND For the Month Ending November 30, 2018

	% of Total Rev	Annual Budget	% of Total Rev	YTD Budget	YTD Actuals	% of Total Rev	YTD VARIANCE Amount	%
<b>WATER</b>								
<b>REVENUES</b>								
Water Charges	98.3%	\$2,180,141	98.6%	\$1,111,608	\$1,074,492	97.3%	(\$37,116)	(3.3%)
Interest Earnings	0.2%	4,700	0.1%	1,100	1,127	0.1%	27	2.4%
Other Income	1.5%	33,521	1.3%	14,143	28,702	2.6%	14,560	102.9%
<b>Total Water Revenues</b>	<b>100.0%</b>	<b>2,218,362</b>	<b>100.0%</b>	<b>1,126,851</b>	<b>1,104,321</b>	<b>100.0%</b>	<b>(22,530)</b>	<b>(2.0%)</b>
<b>EXPENSES (excluding depreciation)</b>								
Salaries & Wages	25.8%	572,778	20.5%	230,796	202,954	18.4%	(27,842)	(12.1%)
Employer Costs	11.1%	247,005	8.8%	99,114	88,947	8.1%	(10,167)	(10.3%)
Capital Project Labor Alloc	0.0%	0	0.0%	0	(155)	0.0%	(155)	0.0%
Power	8.7%	193,401	6.5%	73,464	59,974	5.4%	(13,489)	(18.4%)
Chemicals	4.4%	96,636	4.1%	45,765	47,780	4.3%	2,015	4.4%
Chemicals - T&O	0.5%	10,000	0.5%	5,500	2,661	0.2%	(2,839)	(51.6%)
Maintenance/Repairs	10.0%	220,814	8.2%	92,850	55,655	5.0%	(37,195)	(40.1%)
Water Meters/Boxes	1.6%	36,000	1.3%	15,000	10,677	1.0%	(4,323)	(28.8%)
Lab Tests	0.8%	17,000	0.6%	6,500	3,996	0.4%	(2,504)	(38.5%)
Permits	1.3%	28,044	1.3%	14,444	14,108	1.3%	(335)	(2.3%)
Training/Safety	0.4%	8,100	0.4%	4,600	1,522	0.1%	(3,078)	(66.9%)
Equipment Rental	0.6%	13,800	0.4%	4,500	0	0.0%	(4,500)	(100.0%)
Other Direct Costs	14.8%	327,598	18.0%	202,892	163,269	14.8%	(39,623)	(19.5%)
<b>Operational Expenses</b>	<b>79.8%</b>	<b>1,771,175</b>	<b>70.6%</b>	<b>795,424</b>	<b>651,389</b>	<b>59.0%</b>	<b>(144,035)</b>	<b>(18.1%)</b>
<b>Water Income (Loss)</b>	<b>20.2%</b>	<b>447,187</b>	<b>29.4%</b>	<b>331,427</b>	<b>452,932</b>	<b>41.0%</b>	<b>121,505</b>	<b>36.7%</b>
<b>38.9% Net Admin Alloc</b>	<b>20.8%</b>	<b>461,159</b>	<b>16.9%</b>	<b>190,861</b>	<b>164,067</b>	<b>14.9%</b>	<b>(26,794)</b>	<b>(14.0%)</b>
<b>Reserve Expenditures</b>	<b>0.8%</b>	<b>18,619</b>	<b>0.6%</b>	<b>7,097</b>	<b>8,394</b>	<b>0.8%</b>	<b>1,297</b>	<b>18.3%</b>
<b>Total Net Income (Loss)</b>	<b>-1.5%</b>	<b>(32,591)</b>	<b>11.8%</b>	<b>133,468</b>	<b>280,471</b>	<b>25.4%</b>	<b>147,003</b>	<b>110.1%</b>
<b>SEWER</b>								
<b>REVENUES</b>								
Sewer Charges	98.6%	1,355,461	98.7%	564,368	564,975	98.0%	607	0.1%
Interest Earnings	0.0%	490	0.0%	115	1,595	0.3%	1,480	1,286.8%
Other Income	1.4%	18,743	1.3%	7,540	10,205	1.8%	2,665	35.4%
<b>Total Sewer Revenues</b>	<b>100.0%</b>	<b>1,374,694</b>	<b>100.0%</b>	<b>572,022</b>	<b>576,775</b>	<b>100.0%</b>	<b>4,752</b>	<b>0.8%</b>
<b>EXPENSES (excluding depreciation)</b>								
Salaries & Wages	28.8%	395,641	27.9%	159,420	139,765	24.2%	(19,655)	(12.3%)
Employer Costs	7.7%	170,660	6.1%	68,527	62,474	5.7%	(6,053)	(8.8%)
Power	8.2%	112,301	8.5%	48,770	56,525	9.8%	7,755	15.9%
Chemicals	2.7%	37,500	3.5%	20,000	26,974	4.7%	6,974	34.9%
Maintenance/Repairs	11.4%	157,000	10.7%	61,250	55,103	9.6%	(6,147)	(10.0%)
Lab Tests	1.1%	15,000	1.1%	6,250	6,565	1.1%	315	5.0%
Permits	3.0%	41,492	3.9%	22,525	14,227	2.5%	(8,298)	(36.8%)
Training/Safety	0.7%	9,700	1.1%	6,200	3,132	0.5%	(3,068)	(49.5%)
Equipment Rental	0.3%	4,800	0.3%	2,000	0	0.0%	(2,000)	(100.0%)
Other Direct Costs	7.3%	100,114	7.6%	43,590	50,401	8.7%	6,811	15.6%
<b>Operational Expenses</b>	<b>76.0%</b>	<b>1,044,208</b>	<b>76.7%</b>	<b>438,532</b>	<b>415,167</b>	<b>72.0%</b>	<b>(23,365)</b>	<b>(5.3%)</b>
<b>Sewer Income (Loss)</b>	<b>24.0%</b>	<b>330,486</b>	<b>23.3%</b>	<b>133,490</b>	<b>161,608</b>	<b>28.0%</b>	<b>28,117</b>	<b>21.1%</b>
<b>29.7% Net Admin Alloc</b>	<b>25.6%</b>	<b>352,093</b>	<b>25.5%</b>	<b>145,722</b>	<b>125,264</b>	<b>21.7%</b>	<b>(20,458)</b>	<b>(14.0%)</b>
<b>Reserve Expenditures</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Net Income (Loss)</b>	<b>-1.6%</b>	<b>(21,607)</b>	<b>-2.1%</b>	<b>(12,231)</b>	<b>36,344</b>	<b>6.3%</b>	<b>48,575</b>	<b>(397.1%)</b>
<b>DRAINAGE</b>								
<b>REVENUES</b>								
Drainage Charges	75.0%	201,670	75.0%	83,995	83,134	74.9%	(861)	(1.0%)
Property Tax	6.2%	100,000	6.2%	41,665	41,667	6.2%	2	0.0%
Property Tax (Reserve Alloc)	-2.1%	(33,000)	-2.1%	(13,750)	(13,750)	-2.1%	0	0.0%
Interest Earnings	0.0%	60	0.0%	15	(131)	-0.1%	(146)	(974.2%)
<b>Total Drainage Revenues</b>	<b>100.0%</b>	<b>268,730</b>	<b>100.0%</b>	<b>111,925</b>	<b>110,920</b>	<b>100.0%</b>	<b>(1,006)</b>	<b>(0.9%)</b>

	% of Total Rev	Annual Budget	% of Total Rev	YTD Budget	YTD Actuals	% of Total Rev	YTD VARIANCE Amount	%
<b>EXPENSES (excluding depreciation)</b>								
Salaries & Wages	34.3%	92,282	33.2%	37,185	31,306	28.2%	(5,879)	(15.8%)
Employer Costs	1.8%	39,233	1.4%	15,719	13,952	1.3%	(1,767)	(11.2%)
Power	3.7%	10,039	2.8%	3,094	2,985	2.7%	(109)	(3.5%)
Chemicals	5.5%	14,812	6.7%	7,500	1,173	1.1%	(6,327)	(84.4%)
Maintenance/Repairs	5.6%	15,000	5.8%	6,500	803	0.7%	(5,697)	(87.7%)
Permits	2.4%	6,500	5.8%	6,500	5,692	5.1%	(808)	(12.4%)
Equipment Rental	1.1%	3,000	1.8%	2,000	0	0.0%	(2,000)	(100.0%)
Other Direct Costs	5.8%	15,544	5.8%	6,500	1,526	1.4%	(4,974)	(76.5%)
<b>Operational Expenses</b>	<b>73.1%</b>	<b>196,410</b>	<b>75.9%</b>	<b>84,998</b>	<b>57,437</b>	<b>51.8%</b>	<b>(27,561)</b>	<b>(32.4%)</b>
<b>Drainage Income (Loss)</b>	<b>26.9%</b>	<b>72,320</b>	<b>24.1%</b>	<b>26,927</b>	<b>53,482</b>	<b>48.2%</b>	<b>26,555</b>	<b>98.6%</b>
<b>6.1% Net Admin Alloc</b>	<b>26.9%</b>	<b>72,315</b>	<b>26.7%</b>	<b>29,929</b>	<b>25,728</b>	<b>23.2%</b>	<b>(4,202)</b>	<b>(14.0%)</b>
<b>Reserve Expenditures</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Net Income (Loss)</b>	<b>0.0%</b>	<b>4</b>	<b>-2.7%</b>	<b>(3,002)</b>	<b>27,755</b>	<b>25.0%</b>	<b>30,757</b>	<b>(1,024.5%)</b>
<b>SECURITY REVENUES</b>								
Security Charges	84.0%	1,348,017	84.1%	561,492	560,741	83.9%	(752)	(0.1%)
Interest Earnings	0.0%	500	0.0%	125	517	0.1%	392	313.9%
Property Tax	15.3%	245,000	15.3%	102,085	102,083	15.3%	(2)	(0.0%)
Property Tax (Reserve Alloc)	-3.1%	(49,000)	-3.1%	(20,415)	(20,417)	-3.1%	(2)	0.0%
Other Income	3.7%	60,100	3.6%	24,125	25,674	3.8%	1,549	6.4%
<b>Total Security Revenues</b>	<b>100.0%</b>	<b>1,604,617</b>	<b>100.0%</b>	<b>667,412</b>	<b>668,599</b>	<b>100.0%</b>	<b>1,187</b>	<b>0.2%</b>
<b>EXPENSES (excluding depreciation)</b>								
Salaries & Wages	43.2%	692,801	42.1%	280,672	252,573	37.8%	(28,099)	(10.0%)
Employer Costs	24.4%	540,763	19.2%	216,770	187,810	17.0%	(28,960)	(13.4%)
Equipment Repairs	0.3%	4,800	0.3%	2,000	407	0.1%	(1,593)	(79.6%)
Vehicle Maintenance	0.6%	9,000	0.6%	3,750	4,442	0.7%	692	18.4%
Vehicle Fuel	1.0%	16,200	1.0%	6,750	5,788	0.9%	(962)	(14.3%)
Off Duty Sheriff	0.5%	8,000	0.9%	6,000	5,974	0.9%	(26)	(0.4%)
Other	5.8%	92,393	5.9%	39,400	64,084	9.6%	24,684	62.7%
<b>Operational Expenses</b>	<b>85.0%</b>	<b>1,363,958</b>	<b>83.2%</b>	<b>555,342</b>	<b>521,078</b>	<b>77.9%</b>	<b>(34,264)</b>	<b>(6.2%)</b>
<b>Security Income (Loss)</b>	<b>15.0%</b>	<b>240,660</b>	<b>16.8%</b>	<b>112,070</b>	<b>147,521</b>	<b>22.1%</b>	<b>35,451</b>	<b>31.6%</b>
<b>20.3% Net Admin Alloc</b>	<b>15.0%</b>	<b>240,656</b>	<b>14.9%</b>	<b>99,601</b>	<b>85,618</b>	<b>12.8%</b>	<b>(13,983)</b>	<b>(14.0%)</b>
<b>Reserve Expenditures</b>	<b>0.0%</b>	<b>690</b>	<b>0.0%</b>	<b>275</b>	<b>314</b>	<b>0.0%</b>	<b>39</b>	<b>14.4%</b>
<b>Total Net Income (Loss)</b>	<b>0.0%</b>	<b>(687)</b>	<b>1.8%</b>	<b>12,194</b>	<b>61,588</b>	<b>9.2%</b>	<b>49,394</b>	<b>405.1%</b>
<b>SOLID WASTE REVENUES</b>								
Solid Waste Charges	99.8%	673,988	99.9%	280,671	282,653	99.6%	1,981	0.7%
Interest Earnings	0.2%	1,229	0.1%	350	1,016	0.4%	666	190.2%
<b>Total Solid Waste Revenues</b>	<b>100.0%</b>	<b>675,217</b>	<b>100.0%</b>	<b>281,021</b>	<b>283,668</b>	<b>100.0%</b>	<b>2,647</b>	<b>0.9%</b>
<b>EXPENSES (excluding depreciation)</b>								
CWRS Contract	85.9%	579,691	85.9%	241,424	245,316	86.5%	3,892	1.6%
Sacramento County Admin Fee	5.4%	36,252	5.4%	15,114	15,242	5.4%	128	0.8%
HHW Event	0.0%	0	0.0%	0	0	0.0%	0	0.0%
<b>Operational Expenses</b>	<b>91.2%</b>	<b>615,944</b>	<b>91.3%</b>	<b>256,538</b>	<b>260,558</b>	<b>91.9%</b>	<b>4,020</b>	<b>1.6%</b>
<b>Solid Waste Income (Loss)</b>	<b>8.8%</b>	<b>59,273</b>	<b>8.7%</b>	<b>24,483</b>	<b>23,110</b>	<b>8.1%</b>	<b>(1,373)</b>	<b>(5.6%)</b>
<b>5.0% Net Admin Alloc</b>	<b>8.8%</b>	<b>59,275</b>	<b>8.7%</b>	<b>24,532</b>	<b>21,088</b>	<b>7.4%</b>	<b>(3,444)</b>	<b>(14.0%)</b>
<b>Total Net Income (Loss)</b>	<b>0.0%</b>	<b>(2)</b>	<b>0.0%</b>	<b>(49)</b>	<b>2,022</b>	<b>0.7%</b>	<b>2,071</b>	<b>(4,223.4%)</b>
<b>OVERALL NET INCOME(LOSS)</b>	<b>-0.9%</b>	<b>(54,882)</b>	<b>4.7%</b>	<b>130,380</b>	<b>408,179</b>	<b>14.9%</b>	<b>277,799</b>	<b>213.1%</b>

## MEMORANDUM

**Date:** January 11, 2019  
**To:** Board of Directors  
**From:** Jeffery Werblun, Security Chief  
**Subject:** Security Report for the Month of December 2018

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### OPERATIONS UPDATES

We hired a Patrol Officer, full-time Gate Officer, part-time Gate Officer and a temporary Gate Officer. All are currently in the training program.

### INCIDENTS OF NOTE

December 10, 2018 at 1456 hours, Patrol responded to a possible attempted residential burglary on Camino Del Lago. The resident reported hearing noises and his dogs started barking around 0200 hours. Later in the morning, he checked his house and noticed damage to the deadbolt to the rear entry of his house. He was referred to Sacramento Sheriff's Department (SSD).

December 18, 2018 at approximately 1027 hours, the business office of Rancho Murieta Country Club (RMCC) received a bomb threat via email. Sergeant Tompkins and I responded. The threat used the same language as that of an internet-based hoax threat that has hit businesses and schools across the country. RMCC alerted their staff and they reported nothing unusual or suspicious. SSD was notified and told RMCC to file an incident report as there have been hundreds of these same emails received in the Sacramento region.

### RANCHO MURIETA ASSOCIATION COMPLIANCE MEETING

Chief Werblun attended the Compliance meeting. Nothing to report.

### CONTRACT SECURITY

We are still using PDF Security to fill patrol vacancies until the new officer is finished with training.

### JOINT SECURITY MEETING UPDATE

RMA and the District's general managers and senior staff involved with Security met to discuss feedback from the Special Board meeting Town Hall held October 24, 2018, regarding Security as is relevant to the parties. The next step is to schedule a Joint Security Committee meeting inviting again all community stakeholders for a discussion on the responses to comments from the Special Board meeting. This meeting is tentatively scheduled for the end of February.



## RMA Rule Violations / Citations December 2018

Driveway Parking	38
Overnight Street Parking	12
Park Hours	4
Stop Sign	24
Unsafe Driving	N/A
Speeding	26
Unlicensed Driver	N/A
<hr/>	
<b>Total</b>	<b>104</b>

\*Note: These citation totals are citations issued by CSD Security; they do not reflect citations issued by RMA.



**Rancho Murieta Association  
Rule Violations/Admonishments/Complaints  
December 2018**

Gate Entrance Refusals	20
Parking	N/A
Unsafe Driving	1
Open Garage Door	6
Park Hours	1
Speeding	N/A
Loose/Off Leash Dogs	2
Barking Dogs	9
Unlicensed Driver	N/A
Stop Sign	N/A
<hr/>	
<b>Total</b>	<b>39</b>

Note: A *complaint* of a violation does NOT necessarily mean a violation occurred. The complaint may have been unfounded, officers were unable to locate the complaint, or the complaint was not actually in fact an RMA Rule violation at all.

# MEMORANDUM

Date: January 9, 2019  
To: Board of Directors  
From: Paul Siebensohn, Director of Field Operations  
Subject: Utilities Report

The following is information and projects staff has worked on since the last Board meeting.

## WATER TREATMENT

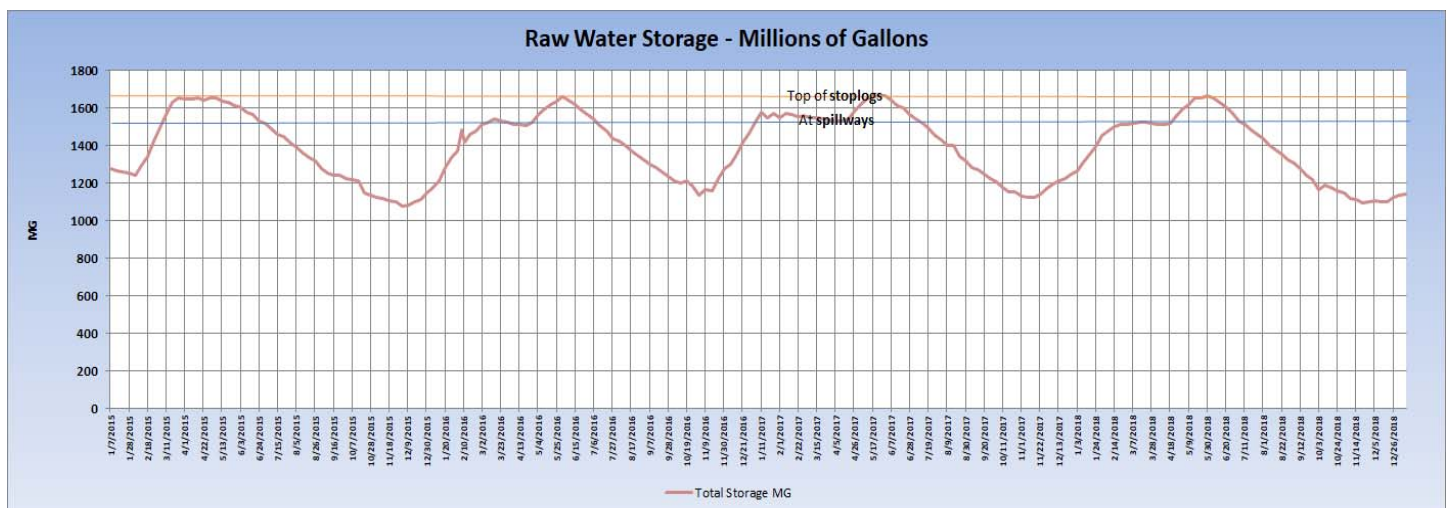
Water Treatment Plant (WTP) #1 continues to be off-line for maintenance of the membrane fibers. In the meantime, WTP #2 is in operation at 0.7 million gallons per day (mgd), producing an average of 0.69 mgd to meet the community's total daily demand. Total water production for December 2018 was 22,512,000 gallons (69.1 acre-feet), down from 37.5 mgd in November.

## WATER SOURCE OF SUPPLY

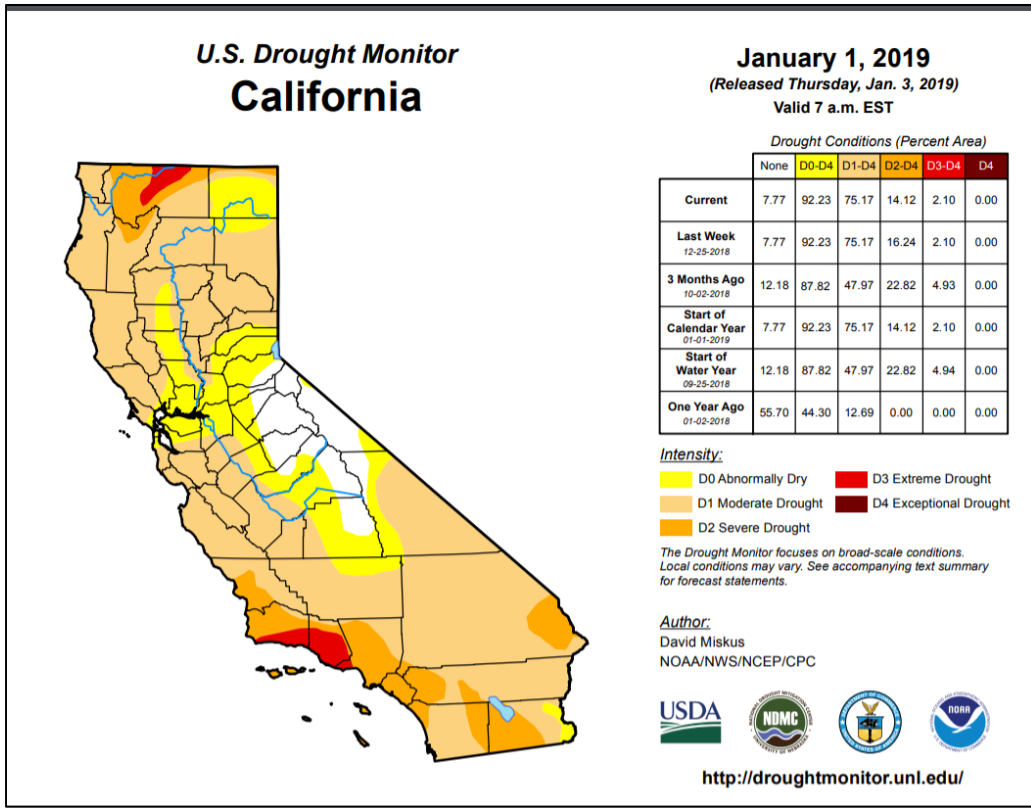
On January 9, 2019, all raw water storage for Calero, Chesbro, and Clementia Reservoirs measured approximately 1,139.5 MG (3,497 AF) of which 975.6 MG (2,994) is usable due to dead storage. For Calero and Chesbro Reservoirs alone, storage measured 829.4 MG (2,545.5 AF), or 780 MG (2,092.5 AF) usable. In December 2018 there was 2.14" of rainfall and evaporation was 0.73".

Diversion to storage from the Cosumnes River totals 59.8 MG so far, along with direct rainfall received in our reservoirs. Despite adequate river flows, diversions stop at times due poorer water quality and then resume when water quality is good again. Our goal is always to obtain the cleanest water possible while still balancing being able to fill our reservoirs by the end of May each year.

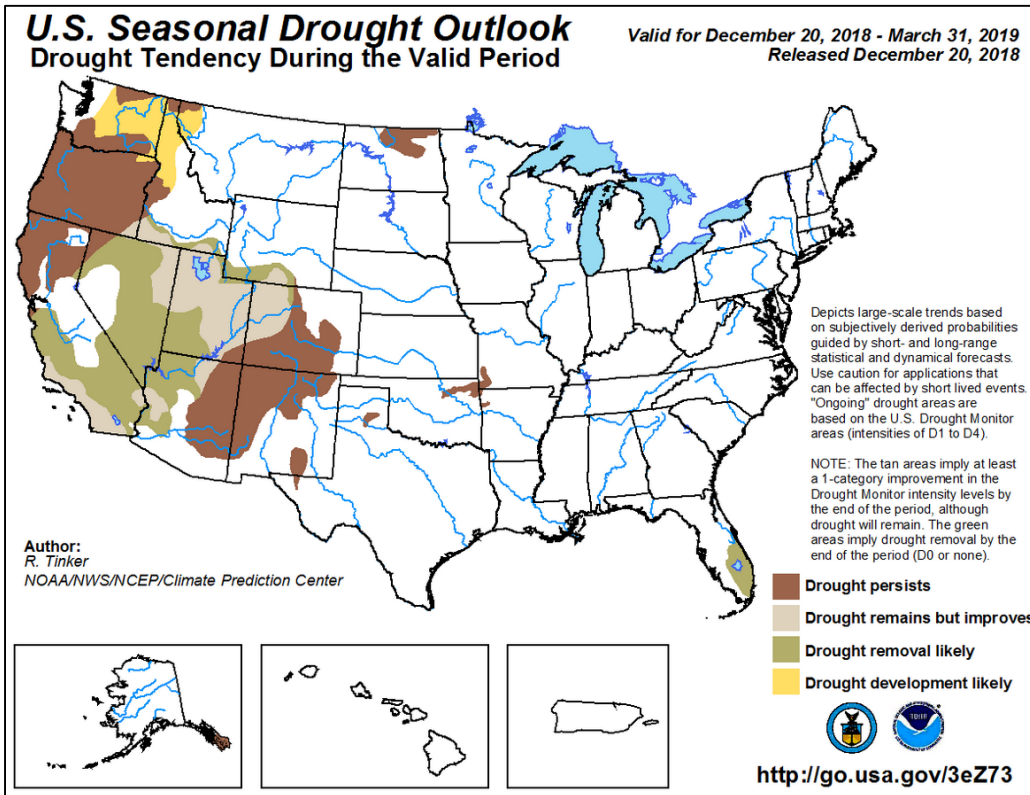
Below is a graphic representation of the water storage reservoir levels from 2015 to January 2019.



The California Drought monitor still has our region noted in the category of “Abnormally Dry” as shown in the graphic below, with most other areas having improved.



The US Season Drought Outlook remains unchanged for our area, predicting that rainfall in our area should be in the normal range as shown below.



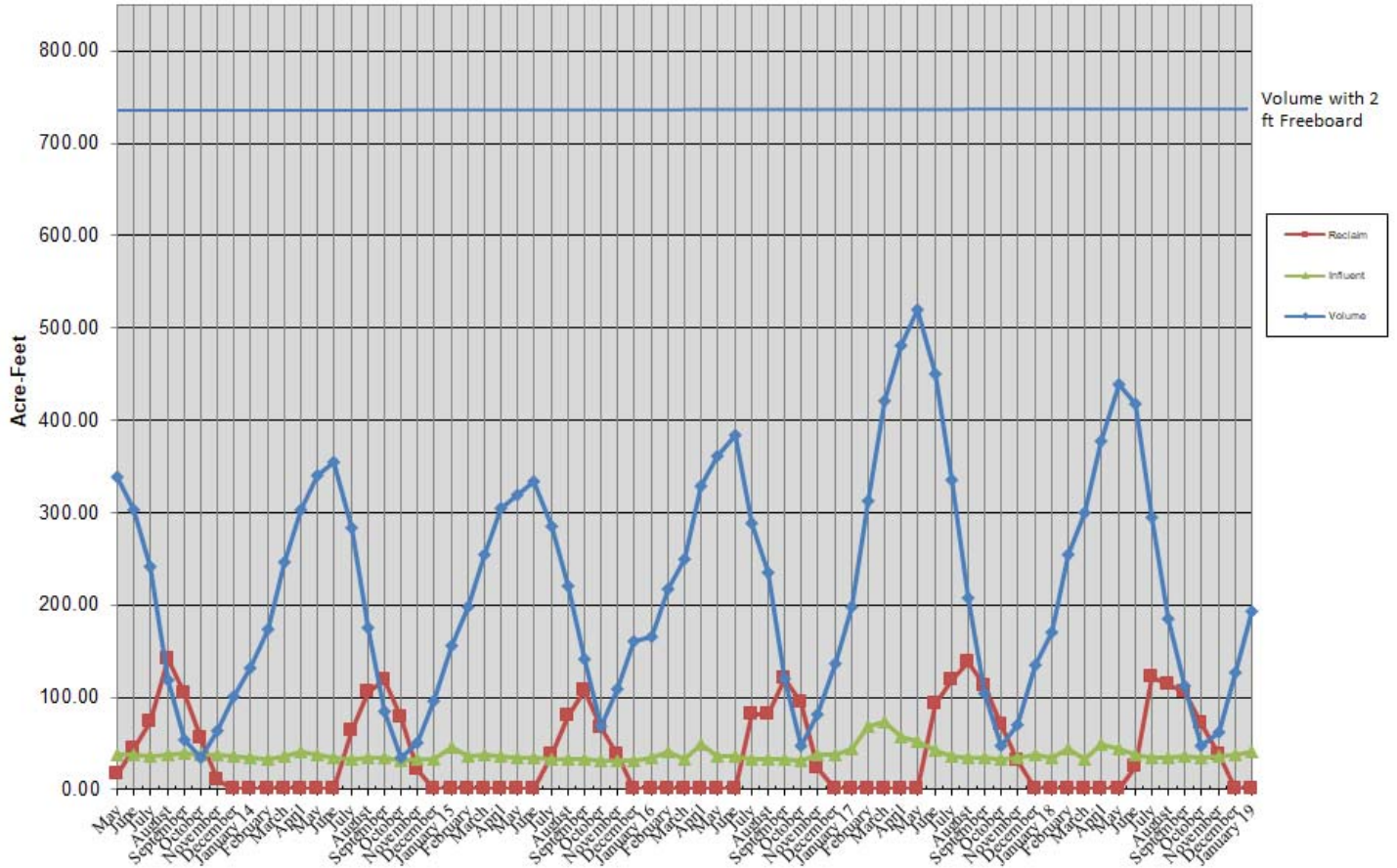
**WASTEWATER COLLECTION, TREATMENT, AND RECLAMATION**

In December influent wastewater flow averaged 0.436 million gallons a day, for a total of 13.53 MG, (41.53 AF). This is approximately 169 gpd per sewer connection. Secondary wastewater storage measured 62.8 MG (192.7 AF), of which 57.9 MG (177.8 AF) is usable due to dead storage, on January 9, 2018. The reclamation plant is off line for the rainy season.

Below is a graph of the secondary wastewater storage volumes to date as we head into the winter season where the reservoirs will fill up until we begin reclamation deliveries again this Spring.



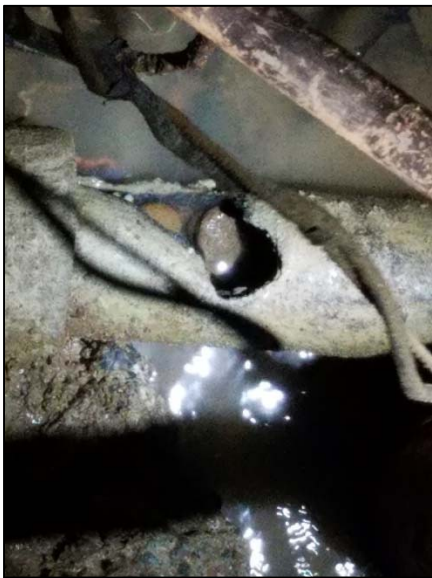
## Volume of Secondary Wastewater in Reservoirs 2013-2018



### SEWER COLLECTION

In December staff cleaned 1,700 feet of sewer collection system lines in Murieta South in the areas of Murieta South Parkway, Celebrar, and Reynosa Drive. This work was following up on a minor sewer backup that occurred in this area. While cleaning these areas staff cleaned out gravel that is assumed to be from road grinding work that had occurred for Rancho Murieta Association (RMA) paving this past year. Staff CCTV'd the sewer lines but has yet to see any issues with the sewer lines themselves.

Staff responded to a break in the Cantova sewer force main pipe that Murieta Gardens contractor JD Pasquetti had punctured on December 12, 2018. Staff provided equipment and materials on overtime to assist in completing a temporary repair. District staff later completed a full repair of the force main line to ensure safe operation. Discussion is ongoing between the District and developer as to liability for this incident and continued needed work by the Developer's contractor to tie-in their sewer line to the lift station from the Murieta Gardens.



Damage hole in Cantova sewer pipe 12/12/18



Temporary repair made with District's stainless-steel repair band



Final repair made by District

## **DRAINAGE / STORMWATER**

Utility staff spent time inspecting the system before storms and clearing debris after storms this past month. Nothing of major concern was encountered.

## **WATER METERING AND UTILITY STAFF WORK**

In December 2018, twelve (12) ¾" meters and one (1) MXU radio read unit were replaced as part of routine maintenance. Twenty-five (25) Utility Star reports, and six (6) underground service alerts (USAs) were also completed. There were three (3) service line leaks and one (1) water main break reported and repaired in. Also completed were the testing of all of the District's backflow protection devices by the District's Utilities Supervisor who is a certified backflow tester. All except three (3) backflow devices passed testing. Two (2) were repaired and then passed testing. One (1) needs a full replacement which is on order.

## **PROJECTS**

### **Development**

#### **The Retreats East and North**

No update.

#### **The Retreats West**

No update.

#### **The Murieta Gardens - Murieta Marketplace**

No update.

#### **The Murieta Gardens – Highway 16 Off-Site Improvements**

No update.

#### **The Murieta Gardens II – Infrastructure at "Utility A"**

Minor grading work occurring for curb and gutter development.

#### **The Murieta Gardens II – Subdivision**

Testing of stormwater lines on Oakville and Sobon Ln. occurred this past month with some minor issues being addressed. Stormwater BMPs (Best Management Practice) items to prevent erosion of the sites continue to be maintained.

**Rancho Murieta North – Development Project**

At the Improvements Committee the developer provided the Rancho Murieta North Drainage study. We provided them a letter of receipt of the study and in it again requested that they provide funding and enter into a Facilities Extension Agreement.

**FAA Business Park**

No update. Previous update: The project anticipates beginning construction on April 1 of 2019.

## CONFERENCE/EDUCATION SCHEDULE

Date: January 11, 2019  
To: Board of Directors  
From: Suzanne Lindendorf, District Secretary  
Subject: Review Upcoming Conference/Education Opportunities

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This report is prepared in order to notify Directors of upcoming educational opportunities. Directors interested in attending specific events or conferences should contact me to confirm attendance for reservation purposes. The Board will discuss any requests from Board members desiring to attend upcoming conferences and approve those requests as deemed appropriate.

Board members must provide brief reports on meetings that they have attended at the District's expense. (AB 1234). The upcoming conferences/educational opportunities include the following:

### **CALIFORNIA SPECIAL DISTRICT ASSOCIATION (CSDA)**

2019 Special District Legislative Days	May 21, 2019	Sacramento
2019 Special District Leadership Academy	July 7, 2019	Napa
2019 Board Secretary/Clerk Conference	November 12, 2019	Seaside

### **GOLDEN STATE RISK MANAGEMENT ASSOCIATION (GSRMA)**

No Information Currently Available on Upcoming Conferences.

### **AMERICAN WATER WORKS ASSOCIATION (AWWA)**

No Information Currently Available on Upcoming Conferences.

### **ASSOCIATION OF CALIFORNIA WATER AGENCIES**

Groundwater Sustainability Bootcamp	February 5, 2019	Davis
Water 101 Workshop – The Basics and Beyond	February 7, 2019	Sacramento

**Rancho Murieta Community Services District  
Board/Committee Meeting Schedule**

**February 2019**

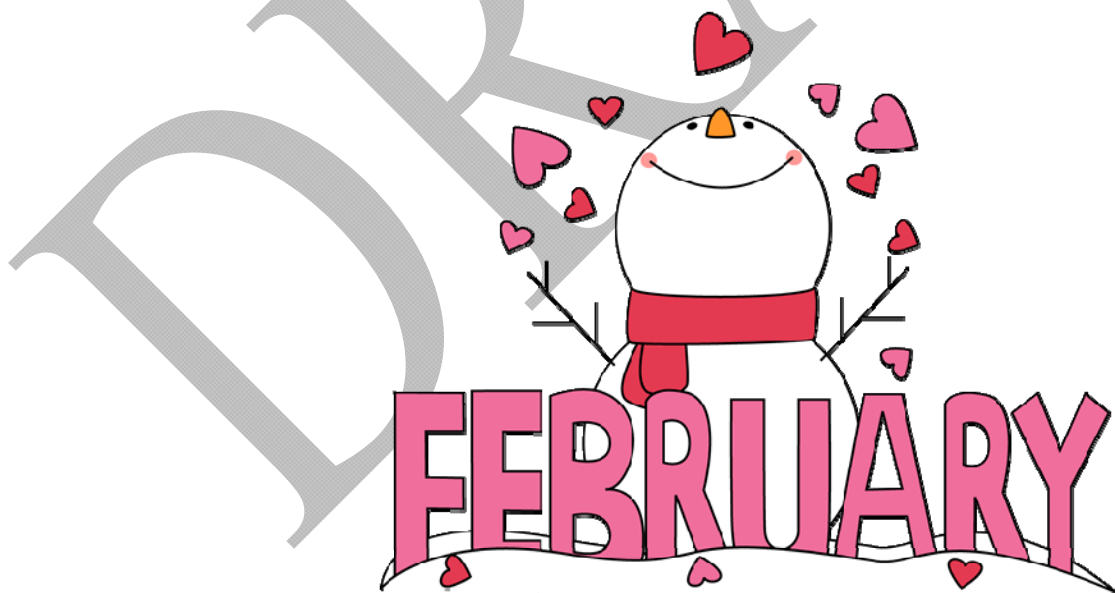
**February 5, 2019**

Personnel	7:30 a.m.
Improvements	8:30 a.m.
Security	9:30 a.m.

**February 7, 2019**

Finance	8:30 a.m.
Communications/Technology	9:30 a.m.

**Board Meeting – February 20, 2019 Open Session @ 5:00 p.m.**



## MEMORANDUM

Date: January 9, 2019  
To: Board of Directors  
From: Mark Martin, General Manager  
Subject: Receive and File the 2017-2018 Annual Rancho Murieta Community Services District Audit Report and the 2017-2018 Community Facilities District #2014-1 Audit Report

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### RECOMMENDED ACTION

No action – receive and file.

### BACKGROUND

Electronic copies of the 2017-2018 PRELIMINARY CSD and the PRELIMINARY CFD#2014-1 audits were distributed on November 30, 2018. Mr. Larry Bain, head of Larry Bain, CPA – An Accounting Corporation (the District's auditors) reviewed the documents at the January 8, 2019 Finance Committee meeting. Bound, hard copies of the final audits will be available to staff and Directors at the January 16, 2019 Board meeting. Mr. Bain will attend the January 16, 2019 Board meeting to present the audit and to answer any questions from the Board of Directors.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

January 8, 2019

Larry Bain, CPA,  
An Accounting Corporation  
2148 Frascati Drive  
El Dorado Hills, CA 95762

This representation letter is provided in connection with your audits of the financial statements of Rancho Murieta Community Services District, which comprise the respective financial position of the business-type activities and fiduciary fund as of June 30, 2018, and the respective changes in financial position and cash flows for the period then ended, and the related notes to the financial statements, and the financial information presented in the component unit financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 8, 2019, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated April 12, 2018.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

## **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Rancho Murieta Community Services District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

## **Government—specific**

- 19) We have made available to you all financial records and related data.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us, if any.
- 22) We have a process to track the status of audit findings and recommendations, if any.
- 23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data



significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 29) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities.
- 34) Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Management Signature: \_\_\_\_\_

Governance Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

# RANCHO MURIETA COMMUNITY SERVICES DISTRICT

## TABLE OF CONTENTS

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Fund Financial Statements:	
Proprietary Funds:	
Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Net Position.....	12
Statement of Cash Flows.....	14
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	18
Notes to Basic Financial Statements.....	19
Supplementary Information	
Schedules of Operating Revenues Water Fund.....	36
Schedules of Operating Expenses Water Fund.....	37
Schedules of Operating Revenues Sewer Fund.....	39
Schedules of Operating Expenses Sewer Fund.....	40
Schedules of Operating Revenues Drainage Fund.....	42
Schedules of Operating Expenses Drainage Fund.....	43
Schedules of Operating Revenues Solid Waste Fund.....	44
Schedules of Operating Expenses Solid Waste Fund.....	45
Schedules of Operating Revenues Security Fund.....	46
Schedules of Operating Expenses Security Fund.....	47
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability.....	49
Schedule of the District Pension Contributions.....	50
Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	51

# LARRY BAIN, CPA

An Accounting Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Rancho Murieta Community Services District  
Rancho Murieta, California

We have audited the accompanying financial statements of each major fund, and the fiduciary fund of the Rancho Murieta Community Services District (District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Rancho Murieta Community Services District, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information other than MD&A, as listed in the table of contents as Schedule of the District's Proportionate Share of the Net Pension Liability on page 49, the Schedule of the District Pension Contributions on page 50, and Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the District's Net OPEB Liability and Related Ratios on page 51 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

As disclosed in Note 1 of the financial statements, The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during fiscal year ended June 30, 2018. Our opinion is not modified with respect to this matter.

The Schedules of Operating Revenues and Operating Expenses for the Water, Sewer, Drainage, Solid Waste and Security Funds on pages 36-48, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Larry Bain, CPA,  
An Accounting Corporation  
October 24, 2018

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2018**

As management of the Rancho Murieta Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements which follow this section.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$33,034,313 (net position). Of this amount, \$4,358,753 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The District's total net position decreased by \$1,635,228 during the 2017-2018 fiscal year; unrestricted net position decreased \$597,670.

**Overview of the Basic Financial Statements**

This annual financial report consists of four parts: (1) Management's Discussion and Analysis; (2) the Basic Financial Statements; (3) Notes to Basic Financial Statements; and (4) optional Supplementary Information.

This discussion and analysis provides an introduction and brief description of the District's basic financial statements, which include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

The *Statement of Net Position*, commonly referred to as the Balance Sheet, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses and Changes in Net Position* reflects all of the current year's revenues and expenses. All of the current year's revenues and expenses are recorded using the accrual basis of accounting by recognizing revenues in the period they are earned and expenses in the period they are incurred without regard to the timing of the related cash flows. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through its rates, fees and other charges. The District's profitability and creditworthiness can also be determined from this statement.

The *Statement of Cash Flows* provides information about the District's cash receipts and cash payments during the reporting period as well as net changes in cash resulting from operations, non-capital financing, capital and related financing activities, and investing. The statement explains where cash came from and where cash was used and the change in the cash balance during the reporting period.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

The District's basic financial statements are organized by fund. **Fund Financial Statements** report on groupings of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives. The accounts of the District are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in these basic financial statements into two broad categories which, in aggregate, include two fund types as follows:

1. PROPRIETARY FUND TYPE

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and special taxes; and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, managerial control, accountability, or other purposes. Revenues are fully accrued to include unbilled services at fiscal year-end. The District uses enterprise funds to account for the Water, Sewer, Drainage, Solid Waste and Security activities of the District.

2. FIDUCIARY FUND TYPE

Agency Funds

Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and/or other funds. Since the resources of these funds are not available to support the District's own activities, they are not reflected in the government-wide financial statements.

**Basic financial statements** can be found on pages **10-18** of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **19-35** of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$33,034,313 (net position) at the close of the most recent fiscal year.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

**Condensed Financial Information**  
**Rancho Murieta Community Services District Net Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 9,939,712	\$ 9,200,865
Capital Assets - net of accumulated depreciation	28,688,058	29,713,118
<b>Total Assets</b>	<b><u>38,627,770</u></b>	<b><u>38,913,983</u></b>
Deferred Outflow of Resources	<u>1,169,057</u>	<u>691,332</u>
<b><u>Liabilities</u></b>		
Current Liabilities	1,621,157	1,771,048
Long-term Liabilities	4,893,672	2,931,190
<b>Total Liabilities</b>	<b><u>6,514,829</u></b>	<b><u>4,702,238</u></b>
Deferred Inflow of Resources	<u>247,685</u>	<u>233,536</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	28,675,559	29,713,118
Unrestricted Net Position	4,358,753	4,956,423
<b>Total Net Position</b>	<b><u>\$ 33,034,313</u></b>	<b><u>\$ 34,669,541</u></b>

- The District's total net position decreased by \$1,635,228 during the current fiscal year. Unrestricted net position decreased \$597,670 while capital assets, net of accumulated depreciation, decreased \$1,037,559. The decrease in capital assets was primarily due to depreciation expense.
- Designated cash and investments, which are capital reserves designated for capital improvements and replacements, increased \$423,486. The District contributes to its capital reserve accounts on a monthly basis.
- The District's Net Pension Liability increased by \$534,485 year-over-year, primarily due to CalPERS lowering the discount rate on the Districts proportionate share of the total state-wide pension fund.
- The implementation of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*) increased the District's Net OPEB Liability by \$1,438,496 year-over-year. This increase, along with the increase in the Net Pension Liability, caused the District's Total Liabilities to increase by \$1,812,591 during the current fiscal year.
- The District had three (3) inter-fund borrowings as of 6/30/2018. Each of these borrowings are being repaid through monthly installments and interest is calculated based on the earnings reported monthly by LAIF.
  - WTP#1 Borrowing from Sewer Capital Replacement Reserves - \$996,749
  - WTP#1 Borrowing from Water Augmentation Reserves - \$332,249
  - Security North Gate Borrowing from Drainage Capital Improvement Reserves - \$40,367
- By far the largest portion of the District's net position (86.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) (Net Capital Assets \$28,675,559 / Total Net Position \$33,034,313 = 86.8%). Some of these assets are from contributed capital. The District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

**Enterprise-Type Activities – Water, Sewer, Drainage, Solid Waste and Security**  
**Rancho Murieta Community Services District Changes in Net Position**

	<b>June 30, 2018</b>	<b>June 30, 2017</b>
<b>Revenues</b>		
Operating revenues	\$ 5,748,515	\$ 5,477,755
Nonoperating revenues	1,451,823	1,345,923
Special Item - CFD Reimbursements	-	26,976
<b>Total Revenues</b>	<b>7,200,338</b>	<b>6,850,654</b>
<b>Operating Expenses</b>		
Water	1,199,696	1,228,389
Sewer	776,311	692,530
Drainage	154,332	148,418
Security	1,056,448	1,024,460
Solid waste	601,420	594,996
General and administration	2,229,547	1,961,543
Depreciation	1,439,700	1,484,464
Special Item - Security Study	49,266	
<b>Total Expenses</b>	<b>7,506,720</b>	<b>7,134,801</b>
<b>Change in Net Position</b>	<b>(306,382)</b>	<b>(284,147)</b>
Net Position (restated), Beginning of Fiscal Year	33,340,695	34,953,688
Prior Period Adjustment (GASB No.75-OPEB)	-	(1,328,846)
<b>Net Position, End of Fiscal Year</b>	<b>\$ 33,034,313</b>	<b>\$ 33,340,695</b>

Key elements of the enterprise activities are as follows:

- Total operating revenues increased 4.9% year-over-year. Water operating revenues increased by \$182,400 or 9.2%, in spite of a (3.3%) decrease in Water service rates, due to new development and relaxed conservation efforts. Sewer operating revenues increased by \$2,643 or 0.2% but were budgeted for a decrease in rates of (0.4%) versus the prior year. Security operating revenues increased \$67,598 or 5.1% due primarily to a 4.0% increase in rates (2.0% FY17/18 + 2.0% catchup). Drainage operating revenues increased \$7,674 or 4.1% on a 4.1% rate change. Solid Waste rates were budgeted for a 1.1% increase year-over-year and operating revenues increased \$10,444 or 1.6%.
- Non-operating revenues increased \$105,900 or 7.9% due to a 1.4% increase in property tax revenues, a 15.2% increase in capital reserve contributions, and a 79.2% increase in investment interest income.
- The Water Department collects, treats, and distributes potable drinking water to the Rancho Murieta community. Water operating expenses (excluding depreciation) increased \$90,326 or 4.4% primarily due to employer expenses related to the evaluation of the District's pension and OPEB liabilities.
- The Sewer Department collects, treats, and disposes of Rancho Murieta community waste water. Wages and employer costs were \$140,466 or 21.4% higher than the prior year. Total Sewer operating expenses (excluding depreciation) increased \$146,645 or 11.1%.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

- The Drainage Department provides and maintains the drainage system for Rancho Murieta. Drainage operating expenses increased \$28,646 or 12.9% due to increases in wages and employer costs.
- Solid Waste services are provided by contract through California Waste Recovery Services. Operating expenses for Solid Waste increased \$22,505 or 3.4%. This increase is the result of changes in billable services and increased administration expenses.
- The Security department provides gate and patrol services. Operating expenses for Gate services increased \$33,895 or 6.2%. This increase is primarily related to contract staffing during multiple position vacancies. Operating expenses for Patrol services decreased \$1,908 or (0.4%) with increases in employer costs and contract staffing being offset by a reduction in wages and salaries.
- The Administration department covers the staff located in the District's administration building excluding the Director of Field Operations and the Security Chief. The Administration department is not a reporting entity for financial statement purposes and its activities, revenues, and costs are allocated to the Water, Sewer, Drainage, Solid Waste and Security funds on a prorated basis. Allocated, district-wide Administration costs are combined with individual department administration costs on the Statement of Revenues, Expenses, and Changes in Net Position and are shown as General and Administrative costs. District-wide General and Administrative costs increased \$268,004 or 13.7%. This increase is due to pension and OPEB liability expenses, overlapping wages and employer costs during the transition of the general manager position, recruitment expenses, and expenses related to the potential purchase of the Rancho Murieta Country Club and other open spaces within the District's boundaries.

**Capital Assets**

	July 1, 2017	Additions	Adjustments/ Deletions	June 30, 2018
<b>Depreciable Capital Assets</b>				
Water Transmission	\$ 7,333,004	\$ -	\$ -	\$ 7,333,004
Water Treatment	22,729,114	8,864	(6,750)	22,731,228
Studies	743,999	146,587	-	890,586
Collection Facilities	4,973,669	62,870	-	5,036,539
Drainage Facilities	-	62,301	-	62,301
Sewer treatment and disposal	16,048,109	-	(472)	16,047,637
Lake Chesbro Protection	270,020	-	-	270,020
Waste Discharge	549,152	-	-	549,152
Buildings and improvements	822,032	21,394	(41,066)	802,360
Vehicles & Equipment	1,772,713	218,237	(260,569)	1,730,381
<b>Total Depreciable Capital Assets</b>	55,241,811	520,253	(308,857)	55,453,205
Less - Accumulated Depreciation	(26,870,266)	(1,439,701)	308,857	(28,001,110)
<b>Net Depreciable Capital Assets</b>	28,371,545	(919,448)	-	27,452,095
<b>Non-Depreciable Capital Assets</b>				
Construction in Progress	749,885	20,511	(126,124)	644,272
Land	591,690	-	-	591,690
<b>Total Non-Depreciable Capital Assets</b>	1,341,575	20,511	(126,124)	1,235,962
<b>Net Capital Assets</b>	\$ 29,713,120	\$ (898,937)	\$ (126,124)	\$ 28,688,057

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

**Capital Assets.** The District's investment in capital assets as of June 30, 2018 amounted to \$28,688,057 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was (3.4%).

Major capital asset events during the current fiscal year included the following:

- Recycled Water Program Implementation Plan & Pre-Design (*in-progress*)
- Solar Power Project at the Water Treatment Plant
- Capital Improvement / Water Augmentation Fee Study
- Electronic Document Management System
- 2017 F-150 Vehicle for Water/Sewer/Drainage
- 2018 F-350 Vehicle for Water/Sewer/Drainage
- Michigan Bar Sub Drain Panel & Wiring
- Main Lift South (MLS) Stormwater Pumps
- Motorola Radios for Security
- South Gate Camera System Upgrade
- Security Assessment

**Economic Factors and Next Year's Budget and Rates**

The Board of Directors adopted the District's 2018-2019 annual budget on May 16, 2018 which provides for the District's operating and capital costs for the 2018-2019 fiscal year.

The District's rates for Water, Sewer, Drainage, Security and Solid Waste services are reviewed annually by staff and the Board of Directors. For fiscal year 2018-2019, the District increased rates by approximately 4.7% for Water services. Sewer service rates increased by 2.7% and Solid Waste rates went up 3.1%. Special tax rates for Security and Drainage each went up 2.0%. Overall, the average customer's monthly bill for 2018-2019 is projected to be \$5.57 higher than during the previous year.

New capital asset projects provided for in the fiscal year 2018-2019 budget include:

- Water Treatment Plant Culvert
- Waste Water Chlorine Gas to Bleach Conversion
- Waste Water Brush Aerator Replacement
- Drainage Trash Capture Systems
- Cantova Lift Station Repairs
- (1) One Water/Sewer/Drainage Vehicle Replacement

Development will continue to be a major focus for the District in the coming year(s). Rancho Murieta Properties, LLC originally submitted preliminary development plans to Sacramento County that included the proposed addition of eight residential villages and one commercial site. Within the eight residential villages, 827 single-family detached lots were planned on roughly 350 net developable acres. As of December 2018, the development (as shown on the Sacramento County planning website) included 795 single-family lots on roughly 338 acres and approximately 39 acres of general commercial property. These proposed development plans will continue to be revised and modified as the various projects move forward. Construction on The Murieta Inn & Spa was completed in fiscal year 2017-2018. Construction on the remainder of the Murieta Gardens and on the Retreats West, North, and East subdivisions continued throughout 2017-2018 and will continue into future fiscal years.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2018**

The District continues to manage and account for CFD 2014-1. This CFD (Community Facilities District) was formed at the request of the developers of the Murieta Inn & Spa and Rancho Murieta North Properties to finance their portion of the WTP#1 Expansion and Upgrade project. Under CFD 2014-1 tax exempt bonds were sold on January 29, 2015 and provided \$4,358,245 of bond revenue for the project. Bond maturities stretch from 2018 to 2044 and tax assessments are levied annually (through Sacramento County) for payment of interest and principle to bond investors.

**Requests for Information**

This financial report is designed to provide a general overview of the Rancho Murieta Community Services District's finances for all those with an interest in the District's financial operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rancho Murieta Community Services District, General Manager, P.O. Box 1050, Rancho Murieta, CA 95683.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Statement of Net Position - Proprietary Funds**

**June 30, 2018**

**(With Comparative Totals for June 30, 2017)**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Drainage Fund
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 475,653	\$ 791,023	\$ -
Accounts receivable	525,442	209,782	32,988
Interest receivable	790	471	
Prepaid Expenses	68,148	8,917	1,207
Due from other funds		996,749	40,367
Due from developers	79,950	7,393	
Total Current Assets	1,149,983	2,014,335	74,562
Capital Assets - net of accumulated depreciation	18,850,954	9,310,011	60,912
Other Assets:			
Cash and investments -designated	2,400,691	2,872,345	390,381
Interest receivable - designated	10,076	11,258	1,804
Total Other Assets	2,410,767	2,883,603	392,185
Total Assets	22,411,704	14,207,949	527,659
<u>Deferred Outflows of Resources</u>			
Deferred outflows-OPEB	72,822	51,657	9,603
Deferred outflows-pensions	342,824	237,331	48,492
Total Deferred Outflows of Resources	415,646	288,988	58,095
Total Assets and Deferred Outflows of Resources	\$ 22,827,350	\$ 14,496,937	\$ 585,754
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	\$ 145,381	\$ 47,692	\$ 4,192
Accrued payroll	29,187	19,768	4,113
Deposits	149,671	45	9
Due to other funds	996,749		
Due to others	609		
Customer deposits	12,877	9,832	2,019
Capital lease			
Total Current Liabilities	1,334,474	77,337	10,333
Noncurrent Liabilities:			
Capital lease			
Net pension liability	1,133,599	815,863	159,046
Net OPEB liability	515,790	365,886	68,016
Compensated absences	29,465	20,453	4,795
Total Noncurrent Liabilities	1,678,854	1,202,202	231,857
Total Liabilities	3,013,328	1,279,539	242,190
<u>Deferred Inflows of Resources</u>			
Deferred inflows-OPEB	16,546	11,737	2,182
Deferred inflows-pensions	57,525	50,121	7,968
Total Deferred Inflows of Resources	74,071	61,858	10,150
<u>Net Position</u>			
Net investment in capital assets	18,850,954	9,310,011	60,912
Net Position:			
Unrestricted	888,997	3,845,529	272,501
Total Net Position	19,739,951	13,155,540	333,414
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 22,827,350	\$ 14,496,937	\$ 585,754

The accompanying notes are an integral part of these basic financial statements.

Solid Waste Fund	Security Fund	Totals	
		2018	2017
\$ 264,784	\$ -	\$ 1,531,460	\$ 1,536,943
65,020	568,519	1,401,751	987,856
783	587	2,631	1,937
989	9,899	89,160	119,996
		1,037,116	1,200,383
		87,343	-
<u>331,576</u>	<u>579,005</u>	<u>4,149,461</u>	<u>3,847,115</u>
	<u>466,181</u>	<u>28,688,058</u>	<u>29,713,118</u>
6,275	96,909	5,766,601	5,343,115
	512	23,650	10,635
<u>6,275</u>	<u>97,421</u>	<u>5,790,251</u>	<u>5,353,750</u>
<u>337,851</u>	<u>1,142,607</u>	<u>38,627,770</u>	<u>38,913,983</u>
2,696	73,811	210,589	-
21,972	307,849	958,468	691,332
<u>24,668</u>	<u>381,660</u>	<u>1,169,057</u>	<u>691,332</u>
<u>\$ 362,519</u>	<u>\$ 1,524,267</u>	<u>\$ 39,796,827</u>	<u>\$ 39,605,315</u>
\$ 104,011	\$ 12,769	\$ 314,045	\$ 333,291
1,108	28,200	82,376	45,129
8	30	149,763	154,695
	40,367	1,037,116	1,206,023
		609	-
1,655	6,720	33,103	27,999
	4,145	4,145	3,911
<u>106,782</u>	<u>92,231</u>	<u>1,621,157</u>	<u>1,771,048</u>
	8,354	8,354	12,499
60,483	1,141,798	3,310,789	2,776,304
19,092	522,801	1,491,585	53,089
1,212	27,019	82,944	89,298
<u>80,787</u>	<u>1,699,972</u>	<u>4,893,672</u>	<u>2,931,190</u>
<u>187,569</u>	<u>1,792,203</u>	<u>6,514,829</u>	<u>4,702,238</u>
612	16,771	47,848	-
975	83,248	199,837	233,536
<u>1,587</u>	<u>100,019</u>	<u>247,685</u>	<u>233,536</u>
	453,682	28,675,559	29,713,118
<u>173,363</u>	<u>(821,637)</u>	<u>4,358,753</u>	<u>4,956,423</u>
<u>173,363</u>	<u>(367,955)</u>	<u>33,034,313</u>	<u>34,669,541</u>
<u>\$ 362,519</u>	<u>\$ 1,524,267</u>	<u>\$ 39,796,827</u>	<u>\$ 39,605,315</u>

The accompanying notes are an integral part of these basic financial statements.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	Water Fund	Sewer Fund	Drainage Fund
Operating Revenues:			
Service charges	\$ 2,055,895	\$ 1,306,523	\$ -
Special taxes			195,583
Other charges	118,111	27,177	734
Total Operating Revenues	<u>2,174,006</u>	<u>1,333,700</u>	<u>196,317</u>
Operating Expenses:			
Source of supply	204,717		
Treatment	605,561		
Transmission and distribution	389,418		
Sewer collection		218,477	
Sewer treatment and disposal		557,834	
Drainage			154,332
Gate services			
Patrol services			
Solid waste			
General and administrative	925,354	687,063	96,693
Depreciation	822,408	567,301	3,175
Total Operating Expenses	<u>2,947,458</u>	<u>2,030,675</u>	<u>254,200</u>
Operating Income (Loss)	<u>(773,452)</u>	<u>(696,975)</u>	<u>(57,883)</u>
Non-operating Revenues (Expenses):			
Taxes	213,761	163,205	35,560
Capital reserve fees	258,954	225,378	31,540
Debt reserve fee	187,241		
Interest revenue	36,244	54,449	6,084
Rent			
Water augmentation	8,246		
Gain (Loss) on disposal of capital assets		250	
Refunds and reimbursements			
Interest expense	(14,518)		
Grant revenue			
Miscellaneous	20,935	7,592	1,348
Total Non-operating Revenues (Expenses)	<u>710,863</u>	<u>450,874</u>	<u>74,532</u>
Special Item			
Security Study			
CFD Project Reimbursement			
Change in Net Position	(62,589)	(246,101)	16,649
Net Position Restated, Beginning of Fiscal Year	<u>19,802,540</u>	<u>13,401,641</u>	<u>316,765</u>
Net Position, End of Fiscal Year	<u>\$ 19,739,951</u>	<u>\$ 13,155,540</u>	<u>\$ 333,414</u>

The accompanying notes are an integral part of these basic financial statements.

Solid Waste Fund	Security Fund	2018	2017
\$ 654,831	\$ -	\$ 4,017,249	\$ 3,897,779
	1,314,228	1,509,811	1,449,280
90	75,343	221,455	130,696
654,921	1,389,571	5,748,515	5,477,755
		204,717	144,630
		605,561	626,525
		389,418	457,235
		218,477	234,756
		557,834	457,774
		154,332	148,418
	577,856	577,856	543,961
	478,592	478,592	480,499
601,420		601,420	594,996
76,455	443,983	2,229,547	1,961,543
	46,816	1,439,700	1,484,464
677,875	1,547,246	7,457,455	7,134,801
(22,954)	(157,676)	(1,708,940)	(1,657,046)
27,476	130,911	570,913	562,920
	49,280	565,152	490,592
		187,241	187,373
2,282	3,602	102,661	57,304
		8,246	14,896
		250	
	(1,552)	(16,070)	(10,565)
	3,555	33,430	43,403
29,758	185,796	1,451,823	1,345,923
	(49,266)	(49,266)	
			26,976
6,804	(21,145)	(306,382)	(284,147)
166,559	(346,810)	33,340,695	34,953,688
\$ 173,363	\$ (367,955)	\$ 33,034,313	\$ 34,669,541

The accompanying notes are an integral part of these basic financial statements.



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Drainage Fund
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,906,403	\$ 1,322,070	\$ 193,956
Payments to employees	(1,058,645)	(737,564)	(169,410)
Payments to suppliers	(964,220)	(680,064)	(62,052)
Net Cash Provided By (Used In) Operating Activities	(116,462)	(95,558)	(37,506)
Cash Flows from Non-capital Financing Activities:			
Taxes received	213,761	163,205	35,560
Debt reserve fee	187,241		
Miscellaneous	29,181	7,592	1,348
Net Cash Provided By (Used In) Non-capital Financing Activities	430,183	170,797	36,908
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(90,527)	(172,894)	(64,087)
Interfund lending	(143,503)	140,430	22,580
Cash received from sale of assets			
Security study			
CFD project reimbursement			
Debt activity	(14,518)		
Capital reserve fees	258,954	225,378	31,540
Net Cash Provided By (Used In) Capital and Related Financing Activities	10,406	192,914	(9,967)
Cash Flows from Investing Activities:			
Interest received	30,959	47,903	5,110
Net Cash Provided by Investing Activities	30,959	47,903	5,110
Net Increase (Decrease) in Cash and Cash Equivalents	355,086	316,056	(5,455)
Cash and Cash Equivalents, July 1	2,521,258	3,347,312	395,836
Cash and Cash Equivalents, June 30	<u>\$ 2,876,344</u>	<u>\$ 3,663,368</u>	<u>\$ 390,381</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and investments	\$ 475,653	\$ 791,023	\$ -
Restricted cash and investments	2,400,691	2,872,345	390,381
Total Cash and Cash Equivalents	<u>\$ 2,876,344</u>	<u>\$ 3,663,368</u>	<u>\$ 390,381</u>

The accompanying notes are an integral part of these basic financial statements.

Solid Waste Fund	Security Fund	Totals	
		2018	2017
\$ 655,252	\$ 1,169,769	\$ 5,247,450	\$ 5,293,838
(42,855)	(1,140,280)	(3,148,754)	(3,248,036)
(622,410)	(316,602)	(2,645,347)	(3,196,482)
(10,013)	(287,113)	(546,652)	(1,150,680)
27,476	130,911	570,913	562,920
	3,555	187,241	187,373
		41,676	58,299
27,476	134,466	799,830	808,592
(210)	(88,131)	(415,639)	(319,047)
	(23,689)	(4,392)	5,640
	(49,266)	-	-
	(5,463)	(49,266)	-
	49,280	-	26,976
		(19,981)	(4,404)
		565,152	490,592
(210)	(117,268)	75,875	199,757
1,857	3,120	88,949	52,470
1,857	3,120	88,949	52,470
19,110	(266,795)	418,002	(89,861)
251,949	363,704	6,880,059	6,969,919
<u>\$ 271,059</u>	<u>\$ 96,909</u>	<u>\$ 7,298,061</u>	<u>\$ 6,880,058</u>
\$ 264,784	\$ -	\$ 1,531,460	\$ 1,536,944
6,275	96,909	5,766,601	5,343,114
<u>\$ 271,059</u>	<u>\$ 96,909</u>	<u>\$ 7,298,061</u>	<u>\$ 6,880,058</u>

The accompanying notes are an integral part of these basic financial statements.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	Major Enterprise Funds		
	Water Fund	Sewer Fund	Drainage Fund
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities			
Operating loss	\$ (773,452)	\$ (696,975)	\$ (57,883)
Noncash items included in operating loss			
Depreciation	822,408	567,301	3,175
Changes in assets and liabilities			
Decrease (increase) in operating assets			
Accounts receivable	(184,402)	(5,902)	(2,702)
Prepaid expenses	2,614	15,938	2,420
Deposits			
Due from others	(79,950)	(7,393)	
GASB 68 adjustments	90,890	69,394	14,253
Increase (decrease) in operating liabilities			
Accounts payable	14,691	(30,435)	2,303
Accrued payroll	14,563	7,480	2,773
Post retirement medical liability	(18,371)	(13,395)	(2,382)
Deposit liability	(4,932)		
Due to others	609		
Compensated absences	(2,812)	(3,235)	195
Deferred revenue	1,682	1,664	341
Net Cash Provided By (Used In) Operating Activities	\$ (116,462)	\$ (95,558)	\$ (37,506)

The accompanying notes are an integral part of these basic financial statements.

Solid Waste Fund	Security Fund	Totals	
		2018	2017
\$ (22,954)	\$ (157,676)	\$ (1,708,940)	\$ (1,657,045)
	46,816	1,439,700	1,484,464
51	(220,940)	(413,895)	(188,605)
1,440	8,424	30,836	(55,384)
		-	53,905
		(87,343)	-
11,682	47,431	233,650	(24,558)
285	(6,088)	(19,244)	(573,221)
490	11,941	37,247	(77,661)
(678)	(18,263)	(53,089)	(53,681)
		(4,932)	(54,910)
		609	(1,438)
(606)	104	(6,354)	(8,239)
277	1,137	5,101	5,693
<u>\$ (10,013)</u>	<u>\$ (287,113)</u>	<u>\$ (546,653)</u>	<u>\$ (1,150,680)</u>

The accompanying notes are an integral part of these basic financial statements.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Statement of Fiduciary Net Position  
June 30, 2018**

	<u>PARS OPEB</u>	<u>CFD</u>
	<u>Trust Fund</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash and investments	\$ 1,702,941	\$ 837,637
Prepaid expense		1,604
Due from others		2,213
	<hr/>	<hr/>
Total Assets	\$ 1,702,941	\$ 841,454
	<hr/>	<hr/>
<u>Liabilities</u>		
Due to others	\$ -	\$ 841,454
	<hr/>	<hr/>
Total Liabilities		841,454
	<hr/>	<hr/>
<u>Net Position</u>		
Held in trust for OPEB benefits	1,702,941	
	<hr/>	
Total Liabilities and Net Position	\$ 1,702,941	\$ 841,454
	<hr/>	<hr/>

**Changes in Fiduciary Net Position-PARS Trust Fund**

Additions:	
Employer contributions	\$ 210,589
Total contributions	<hr/> 210,589
Investment income (loss):	
Net adjustment to fair value of investments	<hr/> 97,141
Total Additions (Deductions)	<hr/> 97,141
Change in plan net position	<hr/> 307,730
Net Position:	
Held in trust for OPEB benefits:	
Beginning of year	<hr/> 1,395,211
End of year	<hr/> \$ 1,702,941
	<hr/>

The accompanying notes are an integral part of these basic financial statements.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 1: Significant Accounting Policies

The Rancho Murieta Community Services District (District) was formed in 1982, under California State Government Code 61600 and currently provides water, sewer, drainage, solid waste and security services throughout the Rancho Murieta Community. The District's financial and administrative functions are governed by a five member Board of Directors elected by the voting population within the District.

The accounting policies of the Rancho Murieta Community Services District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

The District's basic financial statements include the operations of all organizations for which the District's Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the aforementioned oversight criteria, the following entities have been included within the reporting entity as blended component units:

Special Assessment Districts – The special assessment district is the Community Facilities District No. 2014-1. The Special Assessment District was created for the purpose of acquiring, constructing and maintaining water facilities within the Rancho Murieta boundaries. The District is not obligated to repay debt of the Special Assessment District but functions as an agent for the property owners by collecting assessments, forwarding collections to special assessment debt holders, and, if appropriate, initiating foreclosures on delinquent property owners. Because of the special financing relationships, the Community Facilities District 2014-1 has been included in the financial statements as a fiduciary fund type.

B. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Fund Financial Statements

The proprietary fund financial statements provide information about the District's funds. Separate statements for each fund category - *proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 1: Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds use the “economic resources” measurement focus and the accrual basis of accounting.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the District’s major proprietary funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total or five percent of all fund-type totals. The District may also select other funds it believes should be presented as major funds. The District reports all of its proprietary funds as major funds.

The District reports on the following major proprietary funds:

Water

This fund accounts for the activities of providing water to the residents of the District.

Sewer

This fund accounts for the activities of collecting and treating wastewater of the residents in the District.

Drainage

This fund accounts for the activities of providing drainage to the residents of the District.

Solid Waste

This fund accounts for the activities of collecting solid waste of the residents of the District.

Security

This fund accounts for the activities of providing security to the residents of the District.

The District reports the following additional fund types:

PARS Trust Fund

Accounts for activities associated with the District’s other post-employment benefits (OPEB) trust fund used for administration of health insurance for retirees.

Agency Fund

The Agency fund accounts for assets held by the District as an agent for community facility district 2014-1.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 1: Significant Accounting Policies (Continued)

D. Basis of Accounting

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide financial statements and proprietary funds financial statements to the extent that those standards do not conflict with or contradict with the guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. Rancho Murieta Community Services District has elected not to follow subsequent private-sector guidance.

E. Budget and Budgeting

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are a management tool and not a legal requirement.

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted from an external source. When both restricted and unrestricted resources are available for use, the District uses restricted resources first, and then unrestricted resources as needed.

G. Comparative Data

Comparative total data for the prior fiscal year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position, operations, and cash flows. Certain amounts presented in the prior fiscal year data may have been reclassified in order to be consistent with the current fiscal year.

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Amounts held in the State of California Local Agency Investment Fund (LAIF) are considered to be cash and cash equivalents due to their highly liquid nature.

I. Property Taxes

Secured property taxes are levied on January 1 and are payable in two installments on November 1 and February 1, which become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. Sacramento County (County) bills and collects the property taxes and allocates a portion to the District. Property tax revenues are recognized in the fiscal year for which they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

The District is under the Teeter Plan and thus can receive 100% of the property tax apportionment each fiscal year, eliminating the need for an allowance for uncollectible tax. The County, in return, receives all penalties and interest. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 1: Significant Accounting Policies (Continued)

J. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding \$5,000.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the costs of the capital asset is divided by its expected useful life in years and the result is charged to expense each year until the capital asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

Buildings	40 years
Improvements	20-50 years
Equipment	5-15 years

K. Compensated Absences

All earned vacation, which is payable upon termination or retirement, is accrued as compensated absences, in accordance with GASB Statement No. 16. Sick leave benefits are not vested to the employee.

L. Net Position

GASB Statement No. 34 requires that the difference between assets and liabilities be reported as net position. Net position is classified as either invested in capital assets, net of related debt, restricted, or unrestricted.

Net position that is invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of invested in capital assets, net of related debt, or restricted net position.

M. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, are maintained in a trust. Participants have sole rights under the plan in an amount equal to the fair value of the deferred account for each participant.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 1: Significant Accounting Policies (Continued)

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Cash and Investments

Classification

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or District agreements:

Cash and investments	\$ 1,531,460
Designated cash and investments	<u>5,766,601</u>
Cash and investments, Statement of Net Position	7,298,061
Cash and investments, Statement of Fiduciary Net Assets	<u>2,540,578</u>
Total cash and investments	<u><u>\$ 9,838,639</u></u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 250
Deposits with financial institutions	710,222
Investments	<u>9,128,167</u>
Total cash and investments	<u><u>\$ 9,838,639</u></u>

A. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the Rancho Murieta Community Services District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California government Code or the District's investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 2: Cash and Investments (Continued)

B. Investments Authorized by Debt Agreements

Investments held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the **investment types** that are authorized for investments held by trustees. The table also identifies certain provisions of these debt agreements that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None
Money Market Accounts	N/A	None	None

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	Totals	<u>Remaining Maturity (in Months)</u>	
		12 Months or Less	13-48 Months
CAMP*	\$ 613,916	\$ 613,916	\$ -
State Investment Pool*	5,973,673	5,973,673	
PARS Trust*	1,702,941	1,702,941	
Money Market*	837,637	837,637	
Totals	<u>\$ 9,128,167</u>	<u>\$ 9,128,167</u>	<u>\$ -</u>

\*Not subject to categorization

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 2: Cash and Investments (Continued)

D. Disclosures Relating to Credit Risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>
				<u>Not Rated</u>
CAMP Investment Pool	\$ 613,916	N/A	\$ -	\$ 613,916
State Investment Pool	5,973,673	N/A	-	5,973,673
Pars Trust	1,702,941	N/A	-	1,702,941
Money Market	837,637	N/A	-	837,637
Total investments	<u>\$ 9,128,167</u>		<u>\$ -</u>	<u>\$ 9,128,167</u>

Generally, credit risk is the risk that the issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

E. Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer that represent 5% or more of **total District investments**.

F. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, \$666,816 of the District's deposits with financial institutions in excess of FDIC limits were held in public funds collateralized accounts. As of June 30, 2018, the District did not hold any investments in any broker-dealer (counterparty) that was used by the District to buy the securities.

G. Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 3: Capital Assets

Capital Assets at June 30, 2018, consist of the following:

	Balance July 1, 2017	Additions	Adjustments/ Deletions	Balance June 30, 2018
<b>Water</b>				
Depreciable assets:				
Water Transmission	\$ 7,333,004	\$ -	\$ -	\$ 7,333,004
Water Treatment	22,729,114	8,864	(6,750)	22,731,228
Studies	743,999	66,477		810,476
Vehicles and equipment	599,721	58,982	(82,273)	576,430
Subtotal	31,405,839	134,323	(89,023)	31,451,139
Less: Accumulated Depreciation	(12,296,180)	(822,408)	89,023	(13,029,564)
Net Capital Assets	19,109,658	(688,085)	-	18,421,573
Non-depreciable assets:				
Construction in progress	459,536	20,511	(64,306)	415,741
Land	13,640	-	-	13,640
Subtotal	473,176	20,511	(64,306)	429,381
Net Capital Assets	\$19,582,834	\$ (667,574)	\$ (64,306)	\$ 18,850,954
<b>Sewer</b>				
Depreciable assets:				
Collection Facilities	\$ 4,973,669	\$ 62,870	\$ -	\$ 5,036,539
Pumping facility	42,763			42,763
Treatment Plant/Facilities	16,005,346		(472)	16,004,874
Studies		71,208		71,208
Vehicles and equipment	611,398	97,115	(76,800)	631,713
Lake Chesbro Protection	270,020			270,020
Waste Discharge	549,152			549,152
Telemetry Building	512,452	2,520		514,972
Subtotal	22,964,800	233,713	(77,272)	23,121,241
Less: Accumulated Depreciation	(14,127,781)	(567,302)	77,272	(14,617,811)
Net Capital Assets	8,837,019	(333,589)	-	8,503,430
Non-depreciable assets:				
Construction in progress	290,349		(61,818)	228,531
Land	578,050			578,050
Subtotal	868,399	-	(61,818)	806,581
Net Capital Assets	\$ 9,705,418	\$ (333,589)	\$ (61,818)	\$ 9,310,011
<b>Drainage</b>				
Depreciable assets:				
Vehicle and equipment	\$ -	\$ 62,301	\$ -	\$ 62,301
Studies		1,786		1,786
Subtotal		64,087		64,087
Less: Accumulated Depreciation		(3,175)		(3,175)
Net Capital Assets	\$ -	\$ 60,912	\$ -	\$ 60,912
<b>Security</b>				
Depreciable assets:				
Vehicle and equipment	\$ 561,593	\$ 62,140	\$ (101,496)	\$ 522,237
Studies		7,116		7,116
Buildings and improvements	309,580	18,874	(41,066)	287,388
Subtotal	871,173	88,130	(142,562)	816,741
Less: Accumulated Depreciation	(446,306)	(46,816)	142,562	(350,560)
Net Capital Assets	\$ 424,867	\$ 41,314	\$ -	\$ 466,182

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 4: Long-Term Liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 7/1/2017	Additions	Retirements	Balance 6/30/2018	Amount Due in One Year
Compensated absences	\$ 89,297	\$ 101,745	\$ (108,097)	\$ 82,945	\$ 76,593
Capital lease	16,410		(3,911)	12,499	4,145
Net OPEB liability (note 7)		1,491,585		1,491,585	
Net pension liability (note 6)	2,776,304	534,485		3,310,789	
Total	<u>\$ 2,882,011</u>	<u>\$ 2,127,815</u>	<u>\$ (112,008)</u>	<u>\$ 4,897,818</u>	<u>\$ 80,738</u>

Capital Leases

On June 7, 2016, the District Board of Directors authorized the financing and purchase of a security vehicle. The cost of the vehicle was \$20,095 and the District took out a \$10,249 lease to finance a portion of the purchase. The District will make monthly payments of \$240 for four years with the interest rate set at 5.85%.

On August 26, 2016, the District Board of Directors authorized the financing and purchase of a security vehicle. The cost of the vehicle was \$22,521 and the District took out a \$9,521 lease to finance a portion of the purchase. The District will make monthly payments of \$156.80 for four years with the interest rate set at 5.70%.

Note 5: Net Position

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position, which is determined at the proprietary or fiduciary fund level, and are described below.

Net Investment in Capital Assets

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position

Restricted net position consists of constraints placed on net position use through external creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation which the District cannot unilaterally alter. These principally include connection fees received for use on capital projects and debt service requirements.

Unrestricted Net Position

Unrestricted net position describes the portion of net position which is not restricted as to use.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, which is a cost-sharing, multiple employer, defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include full descriptions of the pension plans, benefit provisions, assumptions and membership information and can be found on the CalPERS website.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of compensation	1.50% to 2.00%	1.00% to 2.00%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.92%	6.53%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	\$	282,801
Contributions-employee (paid by employer)	\$	11,713

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate share of Net pension liability</b>	
Miscellaneous Plan	\$	3,310,789

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The District's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.07992%
Proportion - June 30, 2017	0.08399%
Change - Increase (Decrease)	0.000041

For the year ended June 30, 2018, the District recognized pension expense of \$516,467. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (60,290)
Changes of assumptions	518,512	
Net difference between projected and actual earnings on pension plan investments	126,946	
Changes in proportion	30,193	
Differences between district contributions and Proportionate share of contributions		(139,548)
District contributions subsequent to the measurement date	282,817	-
Total	<u>\$ 958,468</u>	<u>\$ (199,838)</u>

The \$282,817 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30:</u>	
2019	\$ (62,164)
2020	(311,698)
2021	(177,322)
2022	75,371
2023	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.15%



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years). Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.4%	-0.90%

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Discount Rate -1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate +1% (8.15%)</u>
Misc Plan	\$ 5,161,034	\$ 3,310,789	\$ 1,778,382

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 7: Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

***Plan Description.***

Rancho Murieta Community Services District's Post-Retirement Healthcare Plan is a single employer, defined benefit healthcare plan administered by Public Employees' Retirement System (PERS). PERS provides medical benefits to eligible retirees and their eligible dependents. Medical benefits are also paid to the surviving spouse of an eligible retiree. The District approved post-retirement health insurance benefits for all of its employees under the Public Employees' Medical and Hospital Care Act (PEMHCA).

**Benefits Provided**

For an employee hired prior to January 1, 2016 retiring from the District with 5 or more years of service with a CalPERS agency, the District will contribute the health benefit cost for the retiree and family members up to 100% of the lowest health benefit plan offered by PERS for unrepresented employees and up to 80% of the lowest health plan offered by PERS for represented employees. A retiree hired prior to January 1, 2016 with less than 5 complete years of service with a CalPERS agency who retires at the District receives no benefit. The PERS minimum is set by law. Employees hired on or after January 1, 2016 must have 10 or more years of PERS service. After 10 years of PERS service the employee is eligible for 50% of employer contributions towards the other post-employment benefit (OPEB) increasing 5% per year until reaching 100% after 20 years. The retiree is on the same medical plan as the District's active employees, however monthly rates for coverage of covered active and retired employees are computed separately. The minimum age for receiving benefits is 50 and older who qualify for a CalPERS pension. The plan also provides coverage for eligible spouses and surviving spouses. For employees who are eligible to participate in the plan the District will contribute the health benefit cost for the retiree and eligible spouse up to the lesser of the premium rate for their chosen plan or the District's monthly premium of the lowest cost HMO for Unrepresented employees and 80% of the monthly premium of the lowest cost HMO for Represented employees. A retiree with less than the required years of service with the District will receive no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law.

**Employees Covered By Benefit Terms**

At the OPEB liability measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	15
Active employees	24
Total	39

**Contributions**

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District chose a 30 year period to amortize the unfunded actuarial liability.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 7: Other Postemployment Benefits (OPEB) (Continued)

The contribution requirement of plan members is established by the District's Board of Directors. The 2017-18 fiscal year contribution was based on the actuarially determined contribution using entry age normal cost with calculated as a level percentage of payroll, as required by GASB 75. For the June 30, 2017 measurement period, the District contributed \$189,009 towards the unfunded actuarial liability (UAL). The District chose the Public Agency Retirement Services (PARS) as the trustee for the plan. The District also paid the retiree premiums for the measurement period ending June 30, 2017 directly to health insurance providers totalling \$101,226. Plan members receiving benefits contributed \$0 of the total premiums.

*Net OPEB Liability:* At June 30, 2018 the District reported a net OPEB liability of \$1,491,586. The net OPEB liability was measured from July 1, 2016 to June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2016.

**Actuarial Assumptions**

The net OPEB liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	7.00%
Healthcare trend rates	5% to 8%
Salary increase	3.25%
Inflation	2%
Investment Rate of Return	7.00%

**OPEB Assets**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Discount Rate

<u>Asset Class</u>	<u>Long-term Expected</u>	
	<u>Asset Allocation (1)</u>	<u>Real Rate of Return (2)</u>
Equity	48.25%	5.65%
Fixed income	45.00%	1.39%
REIT's	1.75%	5.06%
Cash	5.00%	0.00%
Total	100.00%	

(1) The table shows the target asset allocation in the PARS Moderate investment policy.

(2) JP Morgan arithmetic Long Term Capital Market Assumptions and expected inflation of 2.26%

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 7: Other Postemployment Benefits (OPEB) (Continued)

The OPEB assets are held by US Bank, the trustee for the Public Agency Retirement Services (PARS). The OPEB assets are not FDIC insured there is no bank guarantee and the assets may lose value. The investment objective is for the Balanced Index PLUS. The dual goals of the Balanced Strategy are growth of principal and income. It is expected that while dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return. The portfolio will be allocated between equity and fixed income investments.

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed the District's contributions will continue based upon the current OPEB funding policy. Based on those assumptions, the OPEB plans fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments determine the total OPEB liability.

**Changes in the Net OPEB Liability**

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2017.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a-c)
Balances at 6/30/2017	\$ 2,687,749	\$ 1,082,649	\$ 1,605,100
Changes for the year:			
Service cost	120,587		120,587
Interest	193,101		193,101
Difference between expected and actual experience	(13,414)		-
Contribution-employer		189,009	(189,009)
Net investment income		127,890	(127,890)
Benefit payments	(101,226)		(101,226)
Administrative expense		(4,337)	4,337
Net changes	199,048	312,562	(113,514)
Balances at 6/30/18	\$ 2,886,797	\$ 1,395,211	\$ 1,491,586

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the District's share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Net OPEB liability (asset)	\$ 1,838,001	\$ 1,491,586	\$ 1,160,934

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 7: Other Postemployment Benefits (OPEB) (Continued)

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$224,570. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 11,250
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments		36,599
District contributions subsequent to measurement date	210,589	
<b>Totals</b>	<b>\$ 210,589</b>	<b>\$ 47,849</b>

\$210,589 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	\$ (11,314)
2020	(11,314)
2021	(11,314)
2022	(11,313)
2023	(2,164)
Thereafter	(430)
<b>Total</b>	<b>\$ (47,849)</b>

Note 8: Restated Beginning Net Position

Beginning net position decreased \$1,328,846 as a result of implementing the Governmental Accounting Standards Board Statements 74/75 for Other Postemployment Benefits (OPEB).

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

Note 9: Special Assessment District

The Rancho Murieta Community Services District adopted a resolution for the formation of Rancho Murieta Community Services District Community Facilities District No. 2014-1 (Rancho North/Murieta Gardens) (“CFD No. 2014-1”). CFD No. 2014-1 was formed as part of a financing plan for public infrastructure Facilities and other governmental Facilities to support the development of a hotel and other commercial, residential and mixed use properties being developed on approximately 828 acres of land within the District boundaries of CFD No. 2014-1. On January 29, 2015 bonds in the amount of \$5,960,000 were issued to finance the costs of the Facilities and to finance costs associated with the issuance of bonds. During the 2014-2015 fiscal year, a special tax was approved by voters and has been authorized by the Board of Directors to be levied on lots and parcels within CFD No. 2014-1 commencing with the fiscal year 2016-17 tax levy. Proceeds from the Special Tax will be used to repay the bonded indebtedness and associated costs.

The amount of special assessment debt at June 30, 2018, is:

Community Facilities District No. 2014-1	\$ 5,960,000
--	--------------

Note 10: Special Item

A special item was recorded for \$49,266 to account for the cost of the security study.

Note 11: Revenue Limitation Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996 will regulate the District’s ability to impose, increase, and extend taxes and assessments. Any new, increased, or extended taxes and assessments subject to the provisions of Proposition 218 requires voter approval before it can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative process and may be rescinded in future years by the voters.

Note 12: Commitments and Contingencies

Grants

Amounts received or receivable from grant and lending agencies are subject to audit and adjustment by grantor and lending agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor or lender cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Commitments

The District had open engineering, construction and professional service contracts as of June 30, 2018.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Revenues  
Water Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Service Charges:		
Water sales - residential	\$ 1,842,339	\$ 1,757,711
Water sales - commercial	204,085	178,409
Water availability charges	300	310
Water sales - others	<u>9,171</u>	<u>10,067</u>
Total Service Charges	<u>2,055,895</u>	<u>1,946,496</u>
Other Charges:		
Water telephone line contracts	8,372	5,798
Ditch service charge	700	-
District project charges	83,512	16,031
Late charges	20,913	17,831
Water inspection fees	633	1,391
Transfer fees	<u>3,981</u>	<u>4,059</u>
Total Other Charges	<u>118,111</u>	<u>45,109</u>
Total Operating Revenues	<u><u>\$ 2,174,006</u></u>	<u><u>\$ 1,991,606</u></u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Water Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Source of Supply:		
Wages and salaries	\$ 41,846	\$ 21,211
Employer costs	19,167	9,098
Maintenance and repairs	30,323	11,366
Purchased power	62,517	51,202
Dam inspection costs	39,207	37,402
Chemical	9,494	14,350
Equipment rental	2,164	-
	<hr/>	<hr/>
Total Source of Supply	204,717	144,630
	<hr/>	<hr/>
Treatment:		
Wages and salaries	192,027	243,711
Employer costs	96,838	102,679
Purchased power	99,906	91,759
Chemicals	80,924	67,361
Maintenance and repairs	114,403	95,957
Supplies	8,950	10,561
Equipment rental	-	614
Lab tests	12,514	13,823
Miscellaneous	-	59
	<hr/>	<hr/>
Total Treatment	605,561	626,525
	<hr/>	<hr/>
Transmission and Distribution:		
Wages and salaries	176,980	194,654
Employer costs	87,389	84,049
Water meters	13,509	39,315
Maintenance and repairs	42,257	67,610
Purchased power	43,006	46,449
Equipment rentals	1,477	-
Road paving	24,700	24,886
Supplies	100	272
Miscellaneous	-	-
	<hr/>	<hr/>
Total Transmission and Distribution	389,418	457,235
	<hr/>	<hr/>
General and Administrative:		
Wages and salaries	288,917	277,294
Employer costs	239,751	123,419
	<hr/>	<hr/>
Subtotal General and Administrative	528,668	400,712
	<hr/>	<hr/>



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses**

**Water Fund**

**For the Fiscal Year Ended June 30, 2018**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Subtotal General and Administrative:	\$ 528,668	\$ 400,712
Clerical and temp services	21,967	35,351
Recruitment	1,467	2,297
Contingency expenditure	5,128	-
Communications	18,137	12,892
Maintenance and repairs	67,537	70,808
Insurance	46,787	46,395
Permits	28,510	44,021
Supplies	11,055	11,270
Directors' meeting and expenses	5,756	6,768
Elections	-	2,121
Legal and audit	30,100	42,825
Training and safety	10,236	6,561
Vehicle expenses	32,614	22,645
Tools	5,116	5,753
Sacramento Water Authority	21,188	19,032
Miscellaneous	13,472	12,745
Postage	7,334	7,480
Travel and meetings	3,154	5,440
Tuition reimbursement	-	185
Consulting services	34,788	19,377
Dues and memberships	8,215	3,722
Uniforms	4,850	4,419
Purchased power	934	3,172
Equipment lease	1,265	899
Bad debts	79	-
Water conservation	12,118	17,731
Janitorial and pest control	2,113	1,714
CIA ditch operations	<u>2,766</u>	<u>-</u>
Total General and Administrative	<u>925,354</u>	<u>806,335</u>
Depreciation	<u>822,408</u>	<u>829,781</u>
Total Operating Expenses	<u>\$ 2,947,458</u>	<u>\$ 2,864,506</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Revenues  
Sewer Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Service Charges:		
Sewer service - residential	\$ 1,182,886	\$ 1,185,170
Sewer service - commercial	123,278	121,256
Sewer availability charges	<u>359</u>	<u>380</u>
Total Service Charges	<u>1,306,523</u>	<u>1,306,806</u>
Other Charges:		
Sewer inspection fees	506	1,138
District project charges	2,184	2,184
Ditch charge	535	-
Late charges	20,913	17,831
Transfer fees	<u>3,039</u>	<u>3,099</u>
Total Other Charges	<u>27,177</u>	<u>24,252</u>
Total Operating Revenues	<u>\$ 1,333,700</u>	<u>\$ 1,331,058</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Sewer Fund**

**For the Fiscal Year Ended June 30, 2018**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Collections:		
Wages and salaries	\$ 103,213	\$ 104,419
Employer costs	53,058	44,992
Maintenance and repairs	41,005	62,733
Purchased power	17,554	16,231
Equipment rental	3,374	1,438
Supplies	273	4,944
Miscellaneous	-	-
	<hr/>	<hr/>
Total Collections	218,477	234,757
	<hr/>	<hr/>
Treatment and Disposal:		
Wages and salaries	165,184	141,484
Employer costs	81,948	62,657
Purchased power	100,772	112,859
Chemicals	34,652	29,083
Lab tests	13,489	14,182
Maintenance and repairs	150,988	90,156
Supplies	10,524	6,034
Equipment rental	-	1,319
Miscellaneous	278	-
	<hr/>	<hr/>
Total Treatment and Disposal	557,834	457,774
	<hr/>	<hr/>
General and Administrative:		
Wages and salaries	215,970	211,782
Employer costs	178,436	92,008
Recruitment	1,467	2,297
Contingency expenditure	3,916	-
Communications	14,454	11,203
Maintenance and repairs	61,377	80,629
Insurance	27,323	27,024
Vehicle expenses	29,910	27,866
Supplies	9,215	9,611
Directors' meetings and expenses	4,395	6,787
Legal and audit	24,237	32,145
Training and safety	11,793	9,695
Permits	40,165	34,143
Miscellaneous	5,173	8,335
Postage	5,599	5,711
Tools	11,333	3,212
	<hr/>	<hr/>
Subtotal General and Administrative	644,763	562,448
	<hr/>	<hr/>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses**

**Sewer Fund**

**For the Fiscal Year Ended June 30, 2018**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Subtotal General and Administrative:	\$ 644,763	\$ 562,448
Travel and meetings	2,670	4,543
Tuition reimbursement	-	-
Clerical and temp services	21,461	35,351
Consulting	5,034	5,059
Uniforms	4,850	4,588
Dues and memberships	4,494	6,684
Purchased power	713	2,422
Janitorial and pest control	2,113	2,416
Equipment lease	966	687
	<u>687,063</u>	<u>624,198</u>
Total General and Administrative		
	<u>567,301</u>	<u>609,394</u>
Depreciation		
	<u>\$ 2,030,675</u>	<u>\$ 1,926,123</u>
Total Operating Expenses		

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Revenue  
Drainage Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Special Taxes:		
Drainage service - residential	\$ 164,007	\$ 157,629
Drainage service - commercial	<u>31,576</u>	<u>30,377</u>
Total Special Taxes	<u>195,583</u>	<u>188,006</u>
Other Charges:		
Ditch charge	110	-
Transfer fees	<u>624</u>	<u>636</u>
Total Operating Revenues	<u>\$ 196,317</u>	<u>\$ 188,642</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Drainage Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Drainage:		
Wages and salaries	\$ 80,752	\$ 65,924
Maintenance and repairs	4,227	20,775
Purchased power	8,202	9,692
Employer costs	34,978	29,786
Equipment rental	2,953	1,319
Legal and audit	310	153
Chemicals	13,199	11,953
Improvements	86	1,209
Permits	6,552	6,513
Miscellaneous	<u>3,074</u>	<u>1,093</u>
Total Drainage	<u>154,332</u>	<u>148,418</u>
General and Administrative:		
Wages and salaries	33,897	32,596
Employer costs	34,623	14,434
Clerical and temp services	336	-
Contingency expenditure	804	-
Communications	857	591
Insurance	5,612	5,550
Maintenance and repairs	8,589	7,257
Directors' meeting and expenses	903	1,394
Office supplies	1,218	1,256
Legal and audit	4,115	6,571
Postage	1,150	1,173
Miscellaneous	2,614	1,076
Travel and meeting	321	595
Tuition reimbursement	-	-
Memberships	537	373
Training and safety	774	457
Purchased power	146	497
Equipment lease	<u>198</u>	<u>141</u>
Total General and Administrative	<u>96,693</u>	<u>73,962</u>
Depreciation	<u>3,175</u>	<u>-</u>
Total Operating Expenses	<u>\$ 254,200</u>	<u>\$ 222,379</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Revenues  
Solid Waste Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Service Charges:		
Solid Waste - residential	<u>\$ 654,831</u>	<u>\$ 644,477</u>
Total Service Charges	<u>654,831</u>	<u>644,477</u>
Other Charges:		
Ditch charge	<u>90</u>	<u>-</u>
Total Operating Revenues	<u><u>\$ 654,921</u></u>	<u><u>\$ 644,477</u></u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Solid Waste Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Solid Waste:		
Contract charges	\$ 565,974	\$ 559,864
E-Waste disposal cost	-	-
Miscellaneous	<u>35,446</u>	<u>35,132</u>
Total Solid Waste	<u>601,420</u>	<u>594,996</u>
General and Administrative:		
Wages and salaries	27,784	26,718
Employer costs	25,960	11,831
Clerical and temp services	275	-
Contingency expenditure	659	-
Travel-Meetings	263	488
Office supplies	999	1,029
Mail machine lease	163	116
Insurance	4,600	4,549
Postage	943	961
Professional services	8,630	9,372
Utilities	516	705
Maintenance and repairs	2,631	1,962
Miscellaneous	2,294	1,770
Directors' meeting and expenses	<u>739</u>	<u>870</u>
Total General and Administrative	<u>76,455</u>	<u>60,373</u>
Total Operating Expenses	<u>\$ 677,875</u>	<u>\$ 655,370</u>



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Revenues  
Security Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Special Taxes:		
Security service - residential	\$ 1,125,438	\$ 1,082,218
Security service - commercial	<u>188,790</u>	<u>179,055</u>
Total Special Taxes	<u>1,314,228</u>	<u>1,261,274</u>
Other Charges:		
Late charges	41,827	35,662
Transfer fees	7,194	7,335
Fines and permits	11,930	11,140
Other	<u>14,392</u>	<u>6,562</u>
Total Other Charges	<u>75,343</u>	<u>60,699</u>
Total Operating Revenues	<u>\$ 1,389,571</u>	<u>\$ 1,321,973</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Security Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Gate Services:		
Wages and salaries	\$ 266,251	\$ 283,797
Employer costs	189,698	181,327
Temp staffing	62,686	36,168
Recruitment	1,455	3,683
Miscellaneous	5,134	1,691
Equipment repairs and maintenance	20,564	13,582
Supplies	9,589	4,986
Communications	5,842	4,279
Janitor and pest controls	5,843	3,437
Purchased power	7,732	7,731
Training and safety	127	240
Uniforms	2,935	3,040
	<hr/>	<hr/>
Total Gate Services	577,856	543,961
	<hr/>	<hr/>
Patrol Services:		
Wages and salaries	235,882	285,952
Employer costs	188,393	155,381
Temp staffing	9,645	2,790
Recruitment	2,606	697
Vehicle fuel	14,113	13,572
Off-duty sheriff patrol	6,895	4,431
Vehicle maintenance	5,317	2,725
Uniforms	4,335	2,496
Miscellaneous	1,321	518
Cellular phone	5,408	4,291
Equipment repairs and maintenance	141	510
Janitor and pest control	3,632	5,128
Supplies	-	-
Travel/meetings	39	534
Training and safety	865	1,475
	<hr/>	<hr/>
Total Patrol Services	478,592	480,500
	<hr/>	<hr/>
General and Administrative:		
Wages and salaries	161,642	184,074
Employer costs	139,627	98,437
Clerical and temp services	1,117	-
Recruitment	3,715	392
Contingency and reserve expenditures	2,676	-
Insurance	18,675	18,471
Legal and audit	44,976	28,642
Supplies	10,812	10,680
Directors' meetings and expenses	3,004	4,639
Training and safety	5,471	2,983
Purchased power	487	1,655
	<hr/>	<hr/>
Subtotal General and Administrative	392,202	349,973
	<hr/>	<hr/>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**Schedule of Operating Expenses  
Security Fund  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Subtotal General and Administrative:	\$ 392,202	\$ 349,973
Communications	4,060	3,004
Equipment repairs and maintenance	28,796	25,419
Postage	3,827	3,903
Travel and meetings	1,067	1,980
Miscellaneous	10,489	10,042
Memberships	1,788	1,240
Equipment lease	660	469
Uniform	<u>1,093</u>	<u>646</u>
Total General and Administrative	<u>443,983</u>	<u>396,676</u>
Depreciation	<u>46,816</u>	<u>45,289</u>
Total Operating Expenses	<u><u>\$ 1,547,246</u></u>	<u><u>\$ 1,466,427</u></u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
JUNE 30, 2018**

<u>Actuarial Valuation Date</u>	<u>District's proportion of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net positio as a percentage of the total pension liability</u>
Miscellaneous					
6/30/2014	0.08554%	\$2,114,104	\$1,777,986	118.90%	79.18%
6/30/2015	0.07967%	\$2,185,709	\$1,854,042	117.89%	81.69%
6/30/2016	0.07992%	\$2,776,304	\$1,844,259	150.54%	78.44%
6/30/2017	0.08399%	\$3,310,789	\$1,700,521	194.69%	73.42%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
JUNE 30, 2018**

<u>Actuarial Valuation Date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employees payroll</u>	<u>Contribution as a percentage of covere employee payroll</u>
6/30/2014	\$222,235	(\$222,235)	\$0	\$1,777,986	12.50%
6/30/2015	\$250,997	(\$250,997)	\$0	\$1,854,042	13.54%
6/30/2016	\$269,924	(\$269,924)	\$0	\$1,844,259	14.64%
6/30/2017	\$282,817	(\$282,817)	\$0	\$1,700,521	16.63%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF  
CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
JUNE 30, 2018**

<b>Total OPEB liability</b>	
Service cost	\$ 120,587
Interest	193,101
Changes in benefit terms	-
Differences between expected and actual experience	(13,414)
Changes of assumptions	-
Benefit payments	(101,226)
Net change in total OPEB liability	199,048
Total OPEB liability-beginning	2,687,749
Total OPEB liability-ending (a)	<u>\$ 2,886,797</u>

<b>Plan fiduciary net position</b>	
Contributions-employer	\$ 189,009
Net investment income	127,890
Benefit payments from trust	-
Administrative expenses	(4,337)
Net change in plan fiduciary net position	312,562
Plan fiduciary net position-beginning	1,082,649
Plan fiduciary net position-ending (b)	<u>\$ 1,395,211</u>
District's net OPEB liability (a-b)	<u>\$ 1,491,586</u>

Plan fiduciary net position as a percentage of the total OPEB liability 48%

Covered-employee payroll \$ 1,700,521

District's net OPEB liability as a percentage of covered-employee payroll 88%

Measurement date 6/30/2017

\* Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**COMPONENT UNIT FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1  
JUNE 30, 2018**

**TABLE OF CONTENTS**

Independent Auditor’s Report .....	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	3
Statement of Activities .....	4
Fund Financial Statements:	
Government Fund:	
Balance Sheet .....	5
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position .....	6
Statement of Revenues, Expenditures, and Changes in Fund Balance .....	7
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities .....	8
Notes to Basic Financial Statements .....	9



# LARRY BAIN, CPA

An Accounting Corporation

---

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

[lpbain@sbcglobal.net](mailto:lpbain@sbcglobal.net)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Rancho Murieta Community Services District  
Community Facilities District No. 2014-1  
Rancho Murieta, California

We have audited the accompanying financial statements of the governmental activities and the major fund of Rancho Murieta Community Services District, Community Facilities District No. 2014-1 (CFD 2014-1), a component unit of the Rancho Murieta Community Services District, as of and for the fiscal year ended June 30, 2018, which collectively comprise the CFD 2014-1's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Rancho Murieta Community Services District, Community Facilities District No. 2014-1 as of June 30, 2018, and the respective changes in financial position, thereof for the fiscal year then ended in conformity with the accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

The CFD 2014-1 has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Larry Bain, CPA,  
An Accounting Corporation  
November 22, 2017*

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

Current Assets		
Restricted cash and investments	\$	440,949
Assessments receivable		1,438
Interest receivable		481
Prepaid expense		1,604
Due from other government		295
Noncurrent assets		
Restricted cash and investments		396,689
Special assessment receivables		5,568,409
Total Assets	\$	<u>6,409,865</u>
Liabilities		
Current		
Accounts payable	\$	205
Accrued interest payable		87,187
Total Current Liabilities		<u>87,392</u>
Noncurrent		
Special assessment debt		<u>5,960,000</u>
Total Liabilities		<u>6,047,392</u>
Net Position		
Restricted		<u>362,473</u>
Total Net Position	\$	<u>362,473</u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**STATEMENT OF ACTIVITIES  
JUNE 30, 2018**

	Expenses	Program Revenues Capital Grants and Contributions	Total
Governmental Activities:			
Community facilities district	\$ 19,618	\$ 122,184	\$ 102,566
Interest expense	261,560		(261,560)
Total Governmental Activities	\$ 281,178	\$ 122,184	(158,994)
General Revenues:			
Other revenue			131
Investment income			4,000
Total general revenues			4,131
Change in net position			(154,863)
Net position - beginning			556,508
Prior period adjustment			(39,172)
Net position - ending			\$ 362,473

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

**Assets**

Current

Restricted cash and investments	\$ 440,949
Assessments receivable	1,438
Interest receivable	481
Prepaid expense	1,604
Due from other governments	295

Non-Current

Restricted cash and investments	396,689
Special assessments	5,568,409

Total Assets	\$ 6,409,865
--------------	--------------

**Liabilities, Deferred Inflows of Resources and Fund Balances**

**Liabilities**

Due to other governments	\$ 205
--------------------------	--------

Total Liabilities	205
-------------------	-----

Deferred inflows of resources:

Unavailable revenues-special assessments	5,568,409
--	-----------

Total Deferred Inflows of Resources	5,568,409
-------------------------------------	-----------

Fund Balance

Fund balances

Restricted for CFD # 2014-1	841,251
-----------------------------	---------

Total Fund Balance	841,251
--------------------	---------

Total Liabilities Deferred Inflows of Resources and Fund Balance	\$ 6,409,865
--	--------------

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 841,251
Amounts reported for governmental activities in the statement of net position are different because:	
Certain revenues are not available to pay for current period expenditures and therefore are not reported in the funds.	5,568,409
Certain liabilities, including long-term debt and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,047,187)</u>
Net position of governmental activities	<u><u>\$ 362,473</u></u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues		
Tax and assessments	\$	122,184
Other revenue		131
Investment income		4,000
Total Revenues		<u>126,315</u>
Expenditures		
Current:		
Administration		19,618
Debt Service		
Principal		-
Interest		261,560
Total Expenditures		<u>281,178</u>
Net Change in Fund Balance		<u>(154,863)</u>
Fund Balance, July 1, 2017		<u>1,035,286</u>
Prior Period Adjustment		<u>(39,172)</u>
Fund Balance, June 30, 2018	\$	<u><u>841,251</u></u>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ (154,863)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	-
The change in accrued interest is recorded as a current liability in the statement of activity, however interest expense is recorded when paid in the governmental funds.	-
Change in net position of governmental activities	<u>\$ (154,863)</u>



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Rancho Murieta Community Services District, Community Services District No. 2014-1 conform to accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA), as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the CFD 2014-1's accounting policies are described below.

**A. Financial Reporting Entity**

The Rancho Murieta Community Services District, Community Facilities District No. 2014-1 (Rancho North/Murieta Gardens) was formed on September 5, 2014, by resolution of the Rancho Murieta Community Services District's Board of Directors for the sole purpose of acquiring and constructing water facilities that will benefit the inhabitants within the Rancho Murieta Community. In order to finance the expansion of water facilities, special tax bonds totalling \$5,960,000 were issued pursuant to the Mello-Roos Community Facilities Act of 1982.

During the 2016/17 fiscal year, the new water facility was paid for with CFD 2014-1 bond proceeds and transferred to the Rancho Murieta Community Services District. Additional construction costs were funded by developers under financing agreements and by the Rancho Murieta Community Services District.

The CFD 2014-1, a component unit of Rancho Murieta Community Services District, is a legally constituted governmental entity governed by the Board of Directors of the Rancho Murieta Community Services District. The financial records of the CFD 2014-1 are maintained by the Rancho Murieta Community Services District staff.

The financial statements present only the financial position and changes in financial position of the CFD 2014-1 and are not intended to present fairly the financial position of Rancho Murieta Community Services District and the changes in its financial position in conformity with accounting principles generally accepted in the U.S.

**B. Basis of Presentation**

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities include the financial activities of the overall CFD 2014-1 government. The CFD 2014-1 does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the CFD 2014-1's activities. Direct expenses are those that are specially associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the CFD 2014-1's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting:**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental Funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measureable and available*.

The CFD 2014-1 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when related fund liability is incurred, except for principle and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions under capital leases are reported as *other financing sources*.

*Non-exchange transactions*, in which the CFD 2014-1 gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations, are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the CFD 2014-1 funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The CFD 2014-1's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**D. Budget and Budgetary Accounting**

The CFD 2014-1 is not required to adopt an annual appropriated budget but does, however, adopt a budget for management purposes. Therefore, no budgetary comparison is required.

**E. Restricted Assets**

CFD loan assets as well as certain resources set aside for loan repayment, are classified as restricted assets on the balance sheet because their use is limited by loan covenants.

**F. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This financial statement element represents revenues associated with assessments receivables that will not be recognized until future periods.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position/Fund Equity

**Government-wide Financial Statements**

Restricted Net Position - This amount consists of amounts restricted from external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position- This amount is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

**Fund Financial Statements**

Fund Equity- Restricted fund balance of the governmental fund is created to satisfy the debt covenant reserve, not available for future expenditures. The assigned fund balance is the amount needed to make the current portion of the debt service payment and the unassigned portion is the remaining amount not restricted or assigned.

NOTE 2: CASH AND INVESTMENTS

Deposits with financial institutions	\$ 440,949
Investments	396,689
	<hr/>
Total cash and investments	\$ 837,638
	<hr/> <hr/>

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**A. Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the **investment types** that are authorized for the Rancho Murieta Community Services District Community Facilities District No. 2014-1. (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

**B. Investments Authorized by Debt Agreements**

Investments held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The Table below identifies the investment types that are authorized for investments held by trustees. The table also identifies certain provisions of the debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Investment pools authorized under CA			
Statues governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None
Money Market Accounts	N/A	None	None

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

Investment Type	Totals	<u>Remaining Maturity (in Months)</u>	
		12 Months or Less	13-48 Months
Treasury funds	\$ 396,689	\$ 396,689	\$ -
Totals	<u>\$ 396,689</u>	<u>\$ 396,689</u>	<u>\$ -</u>

\*Not subject to categorization

**D. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfil its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	<u>Rating as of Fiscal Year End</u>	
				AAA	Not Rated
Treasury funds	\$ 396,689	N/A	\$ -	\$ 396,689	\$ -
Total investments	<u>\$ 396,689</u>		<u>\$ -</u>	<u>\$ 396,689</u>	<u>\$ -</u>

**E. Concentration of Credit Risk**

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than money market fund reserve) that represent 5% or more of total District investment.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**F. Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018, \$192,754 of the District's deposits with financial institutions were in excess of federal depository insurance limits required to be held in collateralized accounts.

**NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE**

The CFD 2014-1 started levying Assessments against property owners during the 2016/17 fiscal year. The assessments are collected through the secured property tax rolls of the County of Sacramento. Assessments receivable represent the amounts to be assessed to the property owners to pay bond principle. In the event property owners are delinquent in their payments, the CFD 2014-1 is required to initiate foreclosure proceedings within 150 days following the date of delinquency. The CFD 2014-1 will refer pending delinquency cases to the CFD 2014-1's legal counsel for collection.

**NOTE 4: SPECIAL ASSESSMENT DEBT**

The Rancho Murieta Community Services District adopted a resolution for the formation of Rancho Murieta Community Services District Community Facilities District No. 2014-1 (Rancho North/Murieta gardens) ("CFD No. 2014-1"). CFD No. 2014-1 was formed as part of a financing plan for public infrastructure Facilities and other governmental Facilities to support development of a hotel, commercial, residential and mixed use properties being developed on approximately 828 acres of land within the District boundaries of CFD No. 2014-1. On January 29, 2015 bonds in the amount of \$5,960,000 were issued to finance the costs of the Facilities and to finance costs associated with the issuance of bonds. During the 2014-15 fiscal year a special tax was approved by voters and has been authorized by the Board of Directors to be levied on lots and parcels within CFD No. 2014-1 commencing with the fiscal year 2016-17 fiscal year tax levy. Proceeds from the Special Tax will be used to repay the bonded indebtedness and associated costs and to pay directly for the acquisition or construction of authorized Facilities.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2014-1**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4: SPECIAL ASSESSMENT DEBT (Continued)**

\$5,960,000 CFD 2014-1 bonds are due in annual payments of \$154,029 to \$391,560 through September 1, 2044, with interest at 4.4% per annum payable from revenues generated through ad valorem tax assessed by the CFD 2014-1 against properties located within the boundaries of the CFD 2014-1.

Long-term liabilities activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within One Year
Special Assessment Debt Series 2014-1	\$ 5,960,000	\$ -	\$ -	\$ 5,960,000	\$ -
Total	<u>\$ 5,960,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,960,000</u>	<u>\$ -</u>

Debt service requirements to maturity are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 130,000	\$ 261,560	\$ 391,560
2020	130,000	258,310	388,310
2021	135,000	254,735	389,735
2022	140,000	250,685	390,685
2023	145,000	246,310	391,310
2024-2028	800,000	1,151,750	1,951,750
2029-2033	975,000	973,826	1,948,826
2034-2038	1,230,000	720,813	1,950,813
2039-2043	1,550,000	400,189	1,950,189
2044-2045	725,000	52,009	777,009
Totals	<u>\$ 5,960,000</u>	<u>\$ 4,570,187</u>	<u>\$ 10,530,187</u>

**NOTE 5: RESERVE FOR BOND SERVICE**

By the terms of the bond indenture, \$392,831 of the proceeds from the bond issue have been set aside for the purpose of paying any delinquent bond interest and principle payments. An additional \$283,399 was set aside as a source of funds to pay interest expense on the loan, prior to the CFD receiving assessment income.





## MEMORANDUM

Date: January 9, 2019  
To: Board of Directors  
From: Finance Committee Staff  
Subject: Consider Adoption of Resolution 2019-01, Amending the District Code Chapter 3, Conflict of Interest Code, Appendix B – Designated Positions and Disclosure Categories

---

### RECOMMENDED ACTION

Adopt Resolution R2019-01, a resolution amending the District Code Chapter 3, Conflict of Interest Code Appendix B – Designated Positions and Disclosure Categories.

### BACKGROUND

The Political Reform Act requires every local government agency to review its conflict of interest code every two (2) years. District's legal counsel has reviewed and approves of the recommended amendment.

Once adopted, the amendment will be submitted to the Sacramento County Board of Supervisors for approval.

**The Finance Committee recommends adoption.**

## RESOLUTION NO. R2019-01

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT AMENDING THE DISTRICT CONFLICT OF INTEREST CODE APPENDIX B DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

**WHEREAS**, Government Code section 87300 requires each local public agency to adopt and promulgate a conflict of interest code pursuant to the Political Reform Act for the purpose of ensuring that designated officials disclose economic interests that might be foreseeably affected by the making or participation in the making of agency decisions;

**WHEREAS**, Government Code section 87307 authorizes a local public agency to amend its conflict of interest code at any time that a change may be warranted; and

**WHEREAS**, the District's existing conflict of interest code, which was last amended by the Board in 2014 (see Resolution 2014-18), should be amended to reflect changes in designated positions and disclosure categories, and to make other minor changes and additions related to code implementation.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Rancho Murieta Community Services District as follows:

1. The Board adopts the amended conflict of interest code attached as Appendices A and B, which supersedes the conflict of interest code adopted by District Resolution 82-3, as amended by District Resolution 2003-08, as amended by District Resolution 2014-18, and all other prior inconsistent actions or resolutions.
2. The provisions of Title 2, section 18730 of the California Code of Regulations ("Section 18730") as set forth on the attached Appendix A, and any amendments to Section 18730 duly adopted from time to time by the California Fair Political Practices Commission, are adopted and incorporated by reference as the main body of the District's conflict of interest code.
3. The list of designated District positions and applicable disclosure categories attached as Appendix B is adopted as the appendix of designated positions and disclosure categories to accompany Section 18730.
4. Designated employees and consultants shall file statements of economic interests (FPPC Form 700) with Sacramento County, who will make the statements available for public inspection and copying.
5. This conflict of interest code shall not take effect until the Sacramento County Board of Supervisors approves it in its capacity as code reviewing body under the Political Reform Act. The General Manager is hereby authorized and directed to submit a certified copy of this resolution with appendices to the Board of Supervisors and request approval of the amended District conflict of interest code.

- 6. After approval by the Sacramento County Board of Supervisors, the following documents shall constitute the Conflict of Interest Code of the Rancho Murieta Community Services District (being Chapter 3 of the District Code): (1) the terms of Section 18730, as set forth in Appendix A; and (2) the list of designated District positions and applicable disclosure categories, as set forth in Appendix B.

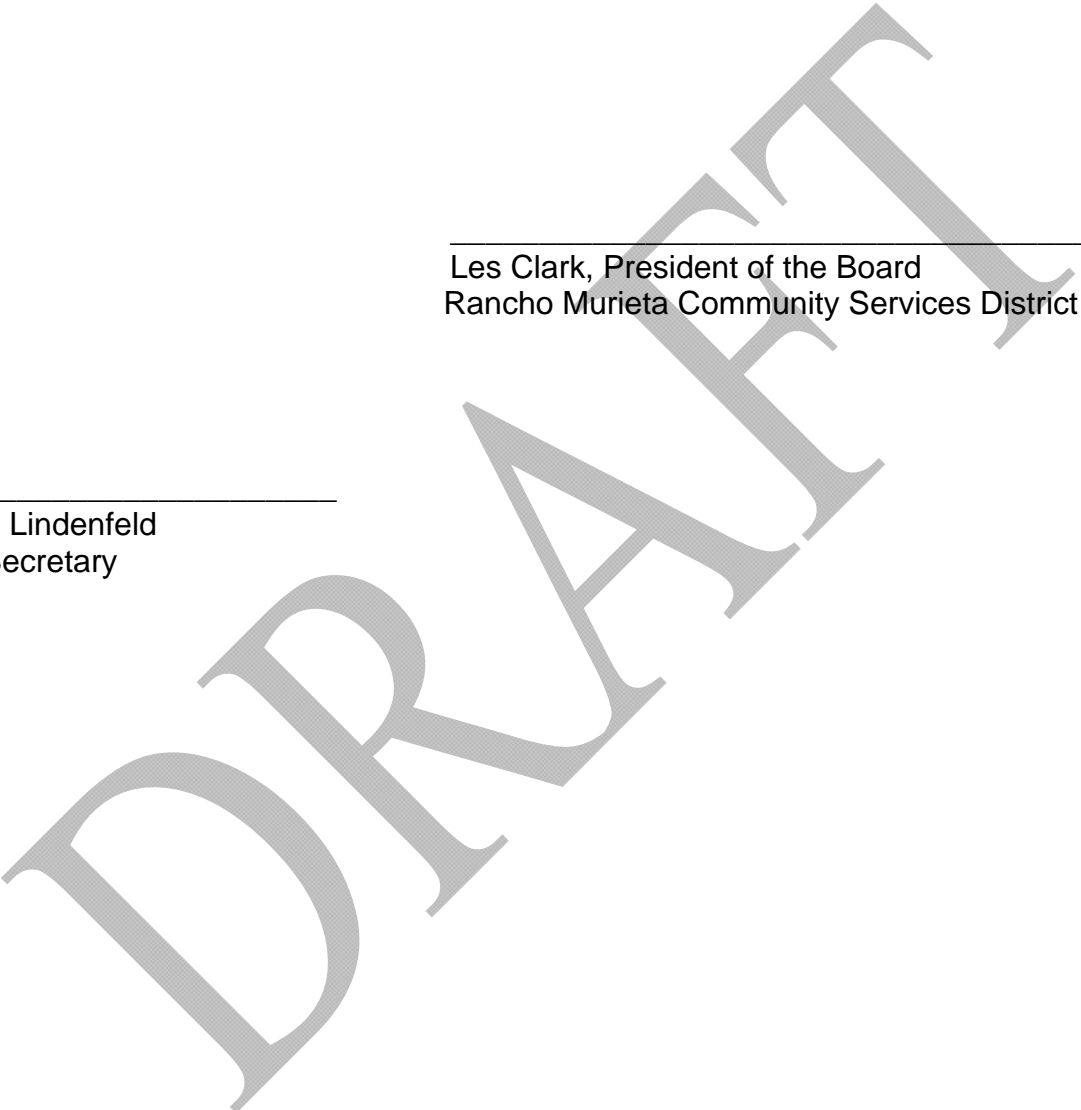
**PASSED AND ADOPTED** this 16<sup>th</sup> day of January, 2019 by the following vote:

Ayes:  
Noes:  
Abstain:  
Absent:

\_\_\_\_\_  
Les Clark, President of the Board  
Rancho Murieta Community Services District

Attest:

\_\_\_\_\_  
Suzanne Lindenfeld  
District Secretary



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
CONFLICT OF INTEREST CODE**

**APPENDIX A**

**Regulations of the Fair Political Practices Commission  
Title 2, Division 6, California Code of Regulations**

§ 18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.<sup>1</sup>

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.<sup>2</sup>

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

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<sup>1</sup> Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

<sup>2</sup> See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic, Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$ 2,000, exceeds \$ 10,000, exceeds \$ 100,000, or exceeds \$ 1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,<sup>5</sup> the statement shall contain:

1. The name and address of each source of income aggregating \$ 500 or more in value, or \$ 50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$ 1,000 or less, greater than \$ 1,000, greater than \$ 10,000, or greater than \$ 100,000;
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,<sup>6</sup> the statement shall contain:

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<sup>3</sup> For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup> Investments and interests in real property which have a fair market value of less than \$ 2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

<sup>5</sup> A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

<sup>6</sup> Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$ 10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$ 440.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$ 440 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control.



This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$ 500) at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$ 500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or

the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of \$ 100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than \$ 250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect

on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$ 2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$ 2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$ 500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$ 440 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$ 1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and

18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

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**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
CONFLICT OF INTEREST CODE**

**APPENDIX B**

**DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES**

**Designated Positions.**<sup>1</sup> The officers and employees listed below are designated as persons who are deemed to make, or participate in the making of, decisions that may have a material effect on a financial interest. Persons holding designated positions listed below will disclose interests and investments in accordance with the corresponding disclosure categories as defined below.

<u>Designated Position</u>	<u>Disclosure Categories</u>
Director of Administration	1
District Legal Counsel	1
Director of Field Operations	1
Security Chief	1
Accounting Supervisor	1
District Engineer	1
Consultants	1 <sup>2</sup>

**Disclosure Categories.** The District’s disclosure categories are defined as follows:

Category 1- Full Disclosure: All persons in this disclosure category will disclose all interests in real property within two miles of the District’s boundaries, as well as investments, business positions and sources of income, including gifts, loans and travel payments, from all sources.

Category 2 – Disclosure of all Interests Except Interests in Real Property: All persons in this disclosure category will disclose all investments, business positions and sources of income, including gifts, loans and travel payments, from all sources.

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<sup>1</sup> Officials who manage public investments are deemed to be “statutory filers” within the meaning of Government Code section 87200 and California Code of Regulations, title 2, section 18720 because they must file statements of economic interest (FPPC Form 700) pursuant to the state Political Reform Act instead of the District conflict of interest code. The District’s statutory filers are: Members of the Board of Directors, the District Manager, and the District Treasurer. As a result, such persons are not designated in this code and are listed here for information only.

<sup>2</sup> Unless the District Manager determines in writing that narrower disclosure is permitted in accordance with the standards provided on page 2 of this appendix under the heading “Consultants.”

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Category 3 – Employees with Contracting Authority or Who Participate in Making Contracts: All investments, business positions and income, including gifts, loans and travel payments, in or from sources that provide goods, equipment or services, including training or consulting services, of the type utilized by the District.

**Consultants.** "Consultant" means an individual who, pursuant to a contract with the District, either: (A) Makes a governmental decision whether to: (1) approve a rate, rule, or regulation; (2) adopt or enforce a law; (3) issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement; (4) authorize the District to enter into, modify, or renew a contract provided it is the type of contract that requires District approval; (5) grant District approval to a contract that requires District approval and to which the District is a party, or to the specifications for such a contract; (6) grant District approval to a plan, design, report, study, or similar item; or (7) adopt or grant District approval of policies, standards, or guidelines for the District, or for any subdivision thereof; or (B) serves in a staff capacity with the District and in that capacity participates in making a governmental decision as defined in California Code of Regulations, title 2, section 18702.2 or performs the same or substantially all the same duties for the District that would otherwise be performed by an individual holding a position specified in the District's conflict of interest code under Government Code section 87302. (California Code of Regulations, title 2, section 18701(a)(2).)<sup>3</sup>

"Consultants" are included in the list of designated positions and must disclose interests and investments in accordance with the broadest disclosure category in the District's conflict of interest code, subject to the following limitation: The District Manager may determine in writing that a particular consultant, although a "consultant" and "designated position," nevertheless is hired or retained to perform a range of duties that is limited in scope and therefore is not required to comply with any or some of the disclosure requirements described in this section. The District Manager's written determination will include a description of the consultant's duties, and, based on that description, a statement of the extent of disclosure requirements. The written determination is a public record and will be retained for public inspection in the same manner and location as the District's conflict of interest code as required by Government Code section 81008.

**New Position Added Without Code Revision.** If the District creates a new position that requires disclosure under this code without simultaneously amending the code, the employee appointed to fill such a position will file a Form 700 assuming office statement and thereafter file annual Form 700 disclosure of economic interest statements each year using the broadest disclosure category until the District amends the code to designate the position and, if warranted, to authorize more narrow disclosure for the position.

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<sup>3</sup> A consultant serves in a staff capacity only if he or she has an on-going relationship with the District. A consultant who works on one project or a limited range of projects for the District is not deemed a consultant subject to the reporting requirements of this code unless the project or projects extend over a substantial period of time, generally more than one year. (See *Smith* Advice Letter, FPPC No. I-99-316; *Travis* Advice Letter, FPPC No. A-96-053; *Randolph* Advice Letter, FPPC No. A-95-045.)

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## MEMORANDUM

Date: January 11, 2019  
To: Board of Directors  
From: Mark Martin, General Manager  
Subject: Consider Approval of Facilities Extension and Reimbursement Agreement with Developer for Highway 16 Bore and Installation of Bore Casing for Future Twelve Inch Recycled Water Line

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### RECOMMENDED ACTION

(Revised Estimate)

Approve a Facilities Extension & Reimbursement Agreement with Developer in an amount not to exceed \$299,377 for the Highway 16 bore and bore casing for future installation of a twelve inch (12") recycled water line one of four components of the Northwest Recycled Water Transmission Main (CIP 17-5-05); and authorize the General Manager to sign the Caltrans Encroachment Permit for the project.

Funding is to come from the Water Supply Augmentation Reserves which reflected a fund balance of \$1,761,876 as of the end of October 2018.

### BACKGROUND

*This item was first presented to the Board on July 18, 2018. At that meeting, the Board was provided with a project cost estimate, section of constructions plans reflecting the route of the bore and a copy of the encroachment permit to be signed. A reimbursement agreement was not yet ready. The Board provided direction for staff to prepare an appropriate agreement for extension of the facility and reimbursement to the Developer and to return to the Improvements Committee and Board for final approval of the agreement and authorization to sign the encroachment permit.*

*This item was brought forward to the Improvements Committee on December 4, 2018 as a follow-up to the July Board meeting. On that date, the Committee recommended the project move on to the Board for approval with an expected project limit of \$268,678. On December 6, 2018 the Developer, John Sullivan, provided a revised estimate for this project saying that the Committee recommended estimate did not include prevailing wage rates. The new estimate increased the cost of the project by \$31,099. The prior estimate was brought to Committee with the understanding from the Developer that the original amount included prevailing wage. Staff asked Coastland Engineering to review the revised bid and provide feedback as to if the revision was reasonable given the new information provided. Coastland confirmed the estimated increase was reasonable given the addition of prevailing wages. A copy of the revised bid is attached as Exhibit C (Revised).*

As part of the District's Preliminary Design Report to lay out what is needed for recycled water use and disposal, the Murieta Gardens Development, Operating Engineers (OE3), Stonehouse and Escuela Parks, and Residences of Murieta Hills East & West landscaping areas were cited as places of use for recycled water.

This recycled water infrastructure was approved by the District on the Murieta Gardens development plans. This bore and casing installation is needed as a sleeve to install a future 12" recycled water pipeline that will be the backbone for the major connection point from the recycled water line that runs from the Wastewater Reclamation facility to Bass Lake in order to provide recycled water to the Murieta Gardens, OE3, Lookout Hill

storage tank, and Stonehouse/Escuela Park sites (see Exhibit A for context). A more detailed section reflecting the route of the bore across Highway 16 is included as Exhibit B.

The developer provided costs for the future reimbursement of this installation. They were forwarded to Coastland Engineering for review. Coastland reviewed the proposed reimbursement costs and provided the opinion that the costs for the work and “soft costs” for engineering, permitting, and staking were in order with the work to be completed and they recommend that proceed with approval. The estimate is included attached as Exhibit C (Revised).

Since this bore runs under a Caltrans Highway, an encroachment permit is required by Caltrans. The developer’s engineer has provided the District what is needed to submit this permit should the Board approve it (Exhibit D).

**The Improvements Committee recommends approval.**



**RANCHO MURIETA COMMUNITY SERVICES DISTRICT  
FACILITIES EXTENSION & FEE REIMBURSEMENT AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between Rancho Murieta Community Services District, a California special district (“**District**”), and Cosumnes River Land, LLC, a Delaware limited liability company, a property owner in the District (“**Developer**”), who agree as follows:

**1. Recitals.** This Agreement is made with reference to the following recitals:

1.1. Developer is the owner and developer of the real property described on the attached Exhibit A (the “**Property**”). Developer is developing and constructing a development project on the Property as described in Exhibit A (the “**Project**”).

1.2. District has required that the Project be served with recycled water pipelines for outside irrigation with recycled water. Developer previously installed a recycled water pipeline extending across the Property from a point near Lone Pine Drive and Murieta Drive to a point on Lot 14 of the Project near Highway 16.

1.3. Developer has agreed to install and bore a steel casing under Highway 16 in order to accommodate a future District recycled water pipeline, subject to fee reimbursement in accordance with the terms and conditions of this Agreement. The bore casing will begin near the terminus of the existing recycled water pipeline on Lot 14 of the Project. The bore casing will be approximately 175 feet in length. The location of the bore casing is shown on the attached Exhibit B.

**2. Plans and Specifications.** Developer, in consultation with District and the District engineer, will design and prepare detailed plans, specifications and drawings for the installation of the bore casing, and will submit them to District for approval. The plans, specifications and drawings must comply with the District Code and all District ordinances, resolutions, rules, regulations, policies, standards and specifications, as well as all other federal, state and local standards and requirements, whichever are most stringent. The plans, specifications, and drawings, when approved in writing by District and its engineer, will become a part of this Agreement. The recycled water bore casing improvements as described on the approved plans, specifications and drawings will be referred to as the “**Work**.” The Developer may modify the plans, specifications and drawings for the Work prior to or during the course of construction, provided that any modification is approved in advance and in writing by District.

**3. Construction of Work**

3.1. Developer shall furnish, construct and install the Work. The construction and materials must be in accordance with the provisions of this Agreement; the approved plans, specifications and drawings; District Code, ordinances, resolutions, rules, regulations, policies, standards and specifications; other federal, state and local statutes, regulations, ordinances, codes and other requirements; and standard construction practices.

3.2. Prior to commencing construction of any portion of the Work, Developer or its contractor must submit to District a written list of materials, in a form acceptable to District,

showing the particular manufacturer and specifications of all materials proposed to be installed by Developer. The District will either disapprove with reasons or approve the list of materials. Only materials approved in advance by District may be installed on the Work.

**4. Licensed Contractor and Public Works Requirements.** The contractor constructing and installing the Work (the “**Contractor**”) must be licensed pursuant to the California Business and Professions Code to do the Work and registered with the California Department of Industrial Relations. No construction can be performed on the Work except by a licensed and registered Contractor approved by District. District may request evidence of qualifications that the Contractor has satisfactorily constructed other projects of like kind and magnitude and comparable difficulty. To the extent required by law, Developer and its Contractor, and any contract entered into by Developer and its Contractor, must comply with California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works projects within the meaning of the Labor Code. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861).)

**5. Faithful Performance Guarantee.** Prior to commencement of construction of any portion of the Work by Developer’s Contractor, Developer must provide District with a faithful performance bond, letter of credit or other financial security satisfactory to District (“**Performance Guarantee**”) in a sum equal to 100% of the estimated cost of the Work to be constructed in public or private streets or rights-of-way or on public property. The Performance Guarantee will be for the purpose of insuring the proper and timely completion of the Work. In the event of the failure of Developer to complete the Work covered by the Performance Guarantee and District completes construction of the Work or any portion of it, Developer and its surety under the Performance Guarantee will be jointly and severally liable to District for the costs of completion, including, but not limited to, management and administrative costs, and engineering, legal and other costs incurred relating to the completion. District will bill Developer and the surety for the costs, which bill must be paid within thirty days of its date. Interest will accrue on any late payment at the legal rate then prevailing.

## **6. Time for Performance; Termination**

6.1. Developer agrees to commence construction of the Work within six months from the date of this Agreement, and it will complete construction of the Work within two years from the date of commencement. Time is of the essence of this Agreement. Upon a showing of good cause by Developer, District may extend these deadlines. Any extension granted by District may be done without notice to any of Developer’s sureties, and the extension will not relieve any surety’s liability. District also may condition the granting of any extension by requiring acceptable new or amended faithful performance guarantee. If construction of the Work has not been completed and accepted by District within these deadlines, and any extensions, then District may terminate this Agreement at any time thereafter by giving written notice of termination to Developer.

6.2. Developer must give District at least 48 hours advance notice of the commencement of construction and installation of the Work. Any construction performed without notice to and inspection by District will be subject to rejection.

6.3. Developer may terminate this Agreement at any time prior to commencement of construction of any portion of the Work by giving written notice to District. After commencement of Work, Developer may terminate this Agreement only with the written consent of District, which consent may be given subject to reasonable conditions as necessary or appropriate to protect the public health, safety, aesthetics or welfare.

6.4. If the Agreement is terminated, District will have no further obligation under this Agreement and no obligation to provide water, sewer, drainage, or recycled water service to the Project or the Property. Upon termination, District will refund any advances made by Developer that exceed District's costs at the date of termination.

**7. Inspections.** District, may, at its option, inspect and test all or part of the construction or material being used in construction of the Work and Developer will provide reasonable assistance in performing all inspection and testing. The inspection and testing of the Work will not relieve Developer of its obligation to construct the Work in accordance with the approved plans, specifications and drawings. If all or any portion of the Work, or any materials used in connection with the Work, are found to be defective, substandard or nonconforming, then the Developer must replace, repair or otherwise remedy the Work to the satisfaction of District, notwithstanding that the Work and materials may have been previously overlooked or inspected by District. Developer must pay for the costs of inspection and testing by District and District's engineer.

**8. Final Inspection.** Upon completion of construction of the Work, Developer agrees to notify District and request a final inspection of the Work. District will inspect and test the Work to determine whether it meets the requirements of this Agreement. District will not accept any Work that does not satisfy District inspection and testing requirements. Pursuant to section 3, Developer must pay the costs of inspections and tests by District and District's engineer. Developer also will be responsible for all costs incurred in the testing of the Work as needed or required by other governmental agencies having jurisdiction.

**9. Permits, Licenses and Easements.** Developer must obtain, maintain and comply with all federal, state, county and other permits, licenses, approvals, and entitlements, including the California Department of Transportation encroachment permit for the Highway 16 undercrossing, that are necessary or appropriate for the Work. The Department of Transportation encroachment permit shall be obtained in the name of District. Developer must give all notices required by and comply with all federal, state, county and other laws, statutes, regulations, codes, ordinances, rules, regulations and policies relating to the construction of the Work. Developer agrees to obtain all real property and permanent and temporary easements of a width as determined by District to be necessary for the Work and for ingress and egress to and from the facilities for the purpose of construction, installation, operation, maintenance, repair, removal, replacement and improvement of the Work facilities. All completed Work-related easements and bills of sale must be in a form approved by District.

**10. Transfer of Property and Easements.** After District has finally inspected and approved the Work and as a condition precedent to District's acceptance of the Work, Developer must deliver a bill of sale and easements (for that portion of the Work located outside the Highway 16 right-of-way) satisfactory in form and content as necessary and appropriate to transfer absolute and unencumbered ownership of the completed Work to District. Title to the completed Work and the easement interests must be good, clear and marketable title and free and clear of all encumbrances, liens or charges. Developer will obtain and pay any costs of title

insurance deemed necessary by District. With or without separate conveyance documents, all right, title and interest of Developer in and to the completed Work shall transfer to District upon District's written notice of acceptance of Work.

## **11. Maintenance Guarantee**

11.1. Prior to District's acceptance of the work, Developer must provide District with a maintenance bond, letter of credit or other financial security satisfactory to District ("**Maintenance Guarantee**") in a sum equal to 50% of the cost of the Work to be transferred to District. The Maintenance Guarantee is for the purpose of warranting all materials and workmanship furnished pursuant to this Agreement for one year from the date of District's notice of acceptance of the Work.

11.2. Developer and/or its surety under the Maintenance Guarantee must repair or replace to the satisfaction of District all or any portion of the Work that may prove defective in workmanship or materials, ordinary wear and tear excepted, together with any other Work or facilities which may be damaged or displaced in so doing.

11.3. In the event of failure to comply with the above-stated conditions within a reasonable time, District is authorized to have the defect repaired and made good. Developer and its surety under the Maintenance Guarantee will be jointly and severally liable to District for the costs of repair, including, but not limited to, management and administrative costs, and engineering, legal and other costs incurred relating to the repair. District will bill Developer and the surety for the costs, which bill must be paid within 30 days of its date. Interest will accrue on any late payment at the legal rate then prevailing.

**12. Conditions Precedent to Notice of Acceptance.** District will not provide a written notice of acceptance of the Work until the following have occurred:

12.1. The Work has been completed, and finally inspected, tested and approved by District;

12.2. All costs, charges and fees required by this Agreement or District ordinances, resolutions and regulations to be paid to District by Developer have been so paid in full;

12.3. The completed Work bill of sale and easements have been conveyed to, and accepted by District, in accordance with sections 10 and 11;

12.4. Developer has provided to District in satisfactory form and content the following items:

(a) As-built (also known as record) drawings of the completed Work, satisfactory to District, together with a copy of the specifications and any contract documents used for the construction of the Work;

(b) An accounting, satisfactory to District, of the amounts expended for the construction and installation of the Work, with values applicable to the various components of the Work, together with a list of any other materials and equipment, and their values, being transferred; and,

(c) Operating manuals and instructions and warranties, if any, received by Developer or its Contractor in connection with any of the facilities made a part of the Work; and,

12.5. Developer has submitted an acceptable Maintenance Guarantee in accordance with section 12.

Upon District's determination that these conditions have been met, the District Board of Directors will accept the Work and provide notice of acceptance to Developer.

**13. Developer Assistance.** Developer, both before and after District's acceptance of the Work, will cooperate with District and secure and provide any information, documents or data reasonably requested by District to accept the ownership, operation and maintenance of the Work and implement the transfer of the Work.

**14. Ownership and Operation and Maintenance Responsibilities.** After acceptance of the completed Work by the District, the Work shall become the property of District on the date that the Work is accepted by District Board. Upon such date, Developer will be deemed to have conveyed and transferred all of its right, title and interest in and to the completed Work to District. District thereafter will own and be free in every respect to operate, maintain, repair, replace, manage, expand, and improve the Work, as it deems appropriate. District assumes no obligation as to operation and maintenance of the Work until such time as it accepts the Work.

**15. Risk of Loss.** Until the date of District's acceptance of the Work, all risk of loss or injury, damage or destruction to the Work shall be upon Developer. After the date of the District's acceptance, and except as provided by the Maintenance Guarantee and any applicable guarantee, insurance, or indemnification obligation, all risk of loss or injury or destruction to the Work shall be upon District.

## **16. Fee Reimbursement**

16.1. Development on the Project is and will be subject to payment of the District Water Supply Augmentation Fee (the "**Fee**"). Developer shall pay the Fees and other applicable District development-related fees for each Project building and structure in accordance with the requirements of the District Code. The Fee amount shall be at the then-prevailing applicable rate at the time of payment.

16.2. The Work is one of the public improvements listed in the District Water Supply Augmentation Fee and Facilities Capital Improvement Fee Study Update dated November 8, 2017 as referred to in District Code Chapter 8 and planned to be funded by revenue from the Fee. Within the Fee Study Update, the Project is identified as a component of the "Northwest Recycled Water Transmission Main (CIP 17-5-05)." As such, since Developer will be designing and constructing the Work at its cost, the parties agree that Developer will be entitled to reimbursement from the Fee fund in the amount of the cost to design and construct the Work as calculated and applied under this section.

16.3. The Fee reimbursement will be calculated based on (and limited to) Developer's actual, direct, necessary, reasonable and substantiated costs to design, procure materials for, and construct the Work. Developer will verify and substantiate its costs of construction by preparing a cost substantiation certificate (the "**Certificate**") and providing it to District

upon completion of the Work. The Certificate must (a) describe the type and amount of all costs, (b) describe the competitive or other process utilized by Developer to obtain the prices, (c) substantiate that each cost item was actually incurred and paid by including appropriate documentation of each expense (e.g., copies of invoices, bills, canceled checks, credit card statements, timesheets, expense reports, receipts or other proof of payment), and (d) certify that the costs were actually and directly incurred and paid by Developer in the design and construction of the Work. The documentation must be in a format reasonably acceptable to District and include reasonably detailed information supporting each expense. Developer's costs for Fee reimbursement purposes will not include any mark-up for profit, administration, overhead, or other reason.

16.4. Upon receipt of a complete Certificate, District will evaluate it and determine whether Developer's costs are actual, direct, necessary, reasonable and substantiated. The actual, direct, necessary, reasonable and substantiated costs of the Work as approved by District in writing will be the "**Fee Reimbursement Amount.**" The Fee Reimbursement Amount shall not exceed \$299,377. District shall pay the Fee Reimbursement Amount to developer within 30 days after District's approval of the Fee Reimbursement Amount.

**17. Indemnification and Hold Harmless.** Developer agrees to indemnify, protect, defend and hold harmless District and its officers, employees, engineers, and agents, from any and all claims, demands or charges and from any loss or liability, including all costs, expenses, attorney's fees, litigation costs, penalties, and other fees arising out of or in any way connected with the construction of the Work or the performance or failure to perform under this Agreement by Developer or its officers, employees, contractors, subcontractors or agents. The parties agree and acknowledge that Developer's duties under this section extend to claims, lawsuits and liability of or against District resulting from the alleged failure to comply with any provision of California Labor Code division 2, part 7, chapter 1 (sections 1720-1861) in connection with the construction of the Work by Developer's contractor.

## **18. Insurance**

18.1. Developer or its Contractor at their sole cost and expense must procure and maintain for the duration of this Agreement the following types and limits of insurance:

Type:	Limits No Less Than:	Scope:
Commercial general liability	\$5,000,000/occurrence	at least as broad as ISO occurrence form CG 0001
Commercial general liability (for subcontractors)		at least as broad as CG 20 38 04 13
Automobile liability	\$5,000,000/accident for bodily injury and property damage	at least as broad as ISO CA 0001 (code 1, any auto)
Workers' compensation	statutory limits	
Employers' liability	\$1,000,000 per accident for bodily injury or disease	
Professional liability	\$2,000,000 per occurrence or claim; \$2,000,000 policy aggregate	For the engineer who prepares the Work plans, specifications and drawings
Contractors' pollution liability	\$1,000,000 per occurrence or claim; \$2,000,000 policy aggregate	

18.2. The general and automobile liability policy(ies) must be endorsed (consistent with Insurance Code section 11580.04) to name District, its officers, employees and agents as additional insureds regarding liability arising out of the Work. Developer's coverage will be primary and will apply separately to each insurer subject to a claim or lawsuit, except with respect to the limits of the insurer's liability. District's insurance, if any, will be excess and shall not contribute with Developer's insurance.

18.3. Insurance must be placed with insurers with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to District.

18.4. Developer or its Contractor shall require and verify that all subcontractors maintain insurance meeting all requirements stated herein and Developer or its Contractor will ensure that District is an additional insured on insurance required from subcontractors.

18.5. Prior to commencing the Work, Developer must provide to District the following proof of insurance: (a) certificate(s) of insurance on ACORD Form 25-S (or insurer's equivalent) evidencing the required insurance coverages; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf the insurer(s), certifying the additional insured coverages.

**19. General Provisions**

19.1. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

19.2. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and

fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

19.3. Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any subsequent default or matter.

19.4. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by either party of any remedy under this Agreement will be without prejudice to the enforcement of any other remedy.

19.5. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement will not render the other provisions unenforceable, invalid or illegal.

19.6. Personal Obligation; Successors and Assigns. Developer's obligations under this Agreement are personal obligations of Developer and they do not automatically "run with" the Property. Developer cannot assign its obligations under this Agreement to any transferee of all or any part of the Property or any other third party without the express written consent of District, which consent will not be withheld unreasonably.

19.7. Relationship of Parties. Developer and its contractors and agents are not agents of District in connection with the Work or performance of Developer's obligations under this Agreement.

19.8. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

19.9. Governing Law and Venue. Except as otherwise required by law, (a) this Agreement will be interpreted, governed by, and construed under the laws of the State of California, and (b) Sacramento County shall be venue for any state court lawsuit and the Eastern District of California shall be venue for any federal court lawsuit seeking to enforce or construe this Agreement.

19.10. Notices. Any notice, invoice or other communication required or permitted to be given under this Agreement must be in writing and either served personally or sent by prepaid, first class U.S. mail and addressed as follows:

District:  General Manager Rancho Murieta Community Services District P.O. Box 1050 Rancho Murieta, CA 95683	Developer:  Manager Cosumnes River Land, LLC 14670 Cantova Way, Ste. 220 Rancho Murieta, CA 95683
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Any party may change its address by notifying the other parties in writing of the change of address.



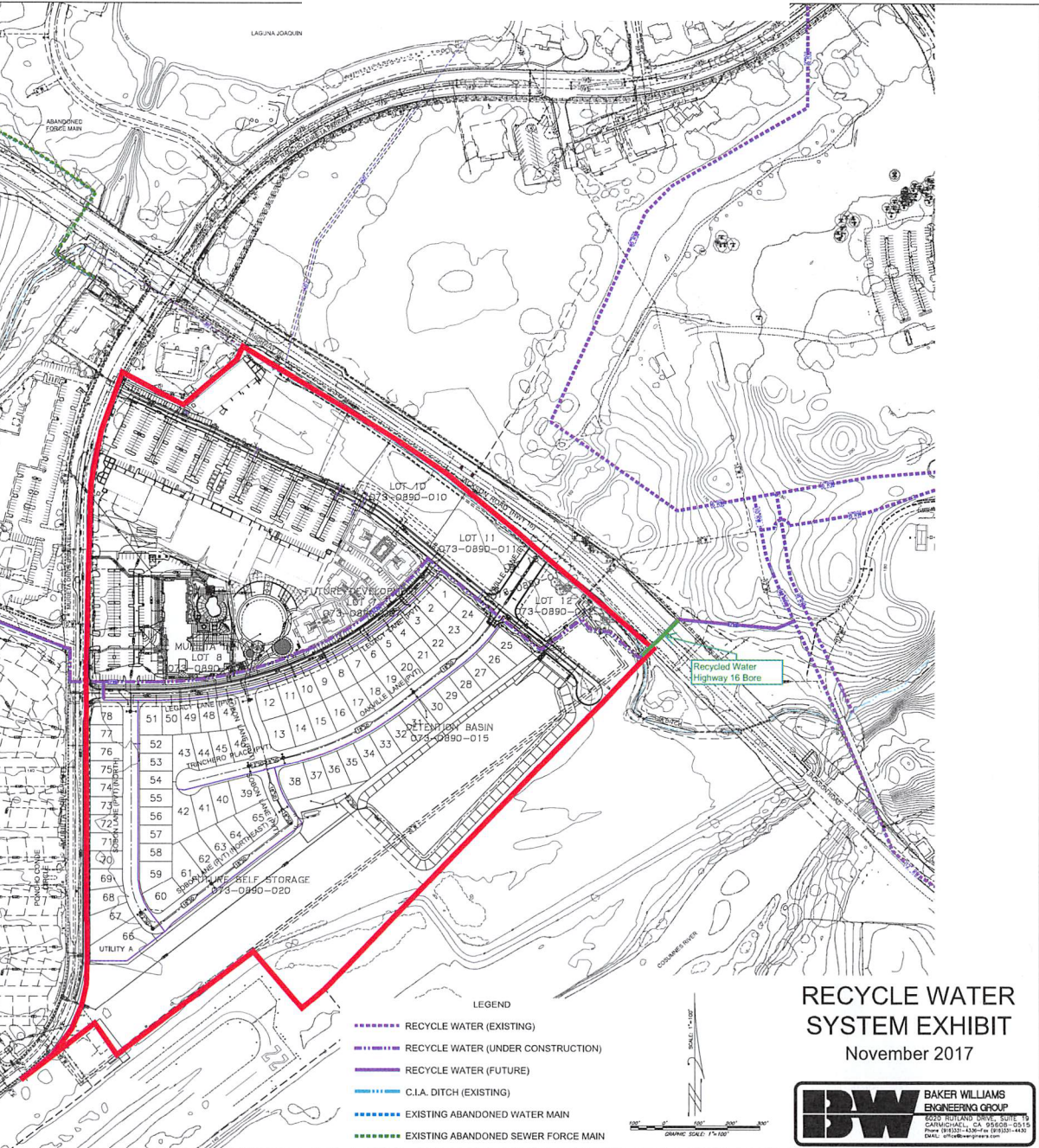
RANCHO MURIETA COMMUNITY  
SERVICES DISTRICT

COSUMNES RIVER LAND, LLC

By: \_\_\_\_\_  
Mark Martin  
General Manager

By: \_\_\_\_\_  
John M. Sullivan  
Manager

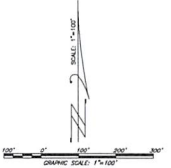
# EXHIBIT A MURIETA GARDENS I & II PROJECT



LEGEND

- RECYCLE WATER (EXISTING)
- RECYCLE WATER (UNDER CONSTRUCTION)
- RECYCLE WATER (FUTURE)
- C.I.A. DITCH (EXISTING)
- EXISTING ABANDONED WATER MAIN
- EXISTING ABANDONED SEWER FORCE MAIN

**RECYCLE WATER  
SYSTEM EXHIBIT**  
November 2017



**IBW** BAKER WILLIAMS  
ENGINEERING GROUP  
6005 RICHMOND DRIVE, SUITE 110  
DANFORTHVILLE, CA 94505-0515  
Phone 916.552.4300 or 916.557.4430  
Email: info@bakwilliams.com

EXHIBIT B  
HIGHWAY 16 RECYCLED WATER BORE LOCATION

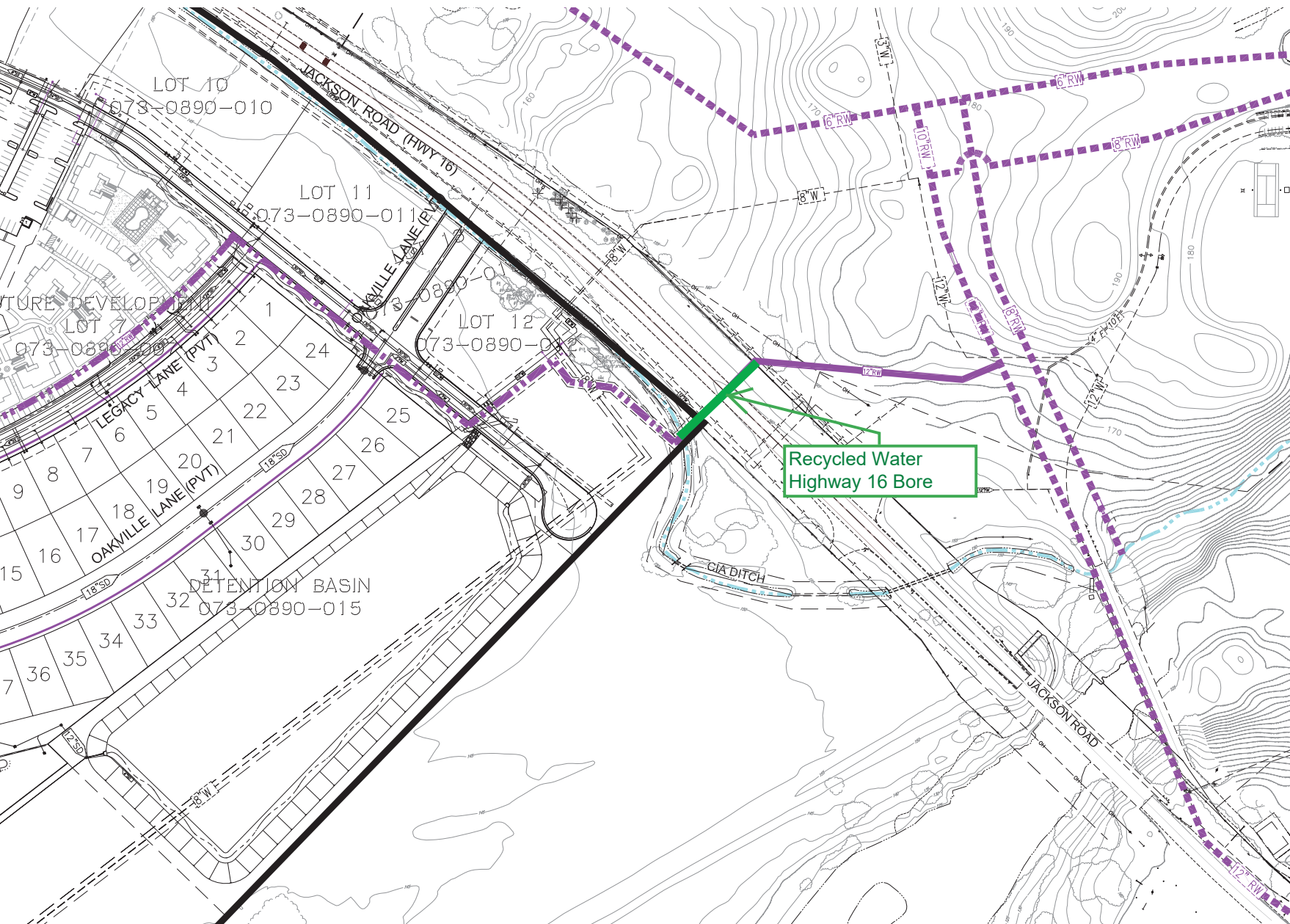


EXHIBIT C (REVISED) - COST ESTIMATE



J.D. Pasquetti Construction, Inc.

RFC# 25-2

Date: 12/4/2018

Foreman: Jeremiah Conley

Hand delivered  
12/6/18 John  
Sullivan to Mark  
Martin (RMCSO)

Job Name: Hwy 16

Rancho Murieta Ca

Job#: 17-007

Description of Work:

Change Bore Under Highway 16 from private to prevailing wage form proposal. Extend the bore 45 lineal feet longer than bid time. At bid time it was 130 lineal feet and now it is 175 lineal feet. Now that traffic control is taken down warning signs and message boards may be needed, the price is per month below. I also place a place per day if we needed traffic control.

Requested By: Jeff Pearson

Labor	Hours	Rate	Total	Equipment	Qty	Hours	Rate	TOTAL	
Total Labor				\$ -	Total Equipment				\$ -
Mark Up				0%	Mark Up				0%
Overhead				0%	Overhead				0%
				\$ -					\$ -
Materials Description	Supplier / Other	Invoice #	Quantity						
Change proposal footage from private to prevailing	Proposal		130.00				1287.67	167,397.00	
Add To Bore 45' Lineal Feet			45.00				1287.67	57,945.00	
Traffic Message Boards Per Cal Trans If Needed (Month)			Month					2,521.00	
Traffic Control Flaggers If Needed (Per Day Price)			Each					2,427.00	
								<b>Total Supplier / Materials</b>	<b>\$ 230,290.00</b>
								<b>Mark Up</b>	<b>0%</b>
								<b>Overhead</b>	<b>0%</b>
									<b>\$ 230,290.00</b>
								Total Labor	\$ -
								Total Equipment	\$ -
								Total Supplier/Materials	\$ 230,290.00
								<b>TOTAL PRICE OF DAILY WORK ORDER</b>	<b>\$ 230,290.00</b>

Note: Everything in black is original provided to RMCSO

JDP: ENGINEERING CONTINGENCY

15% J 30%  
15%

30% overhead is \$69,087

\$69,000.00

Revised Total is \$299,377

299,290.00

EXHIBIT D - ENCROACHMENT PERMIT

STATE OF CALIFORNIA • DEPARTMENT OF TRANSPORTATION

**STANDARD ENCROACHMENT PERMIT APPLICATION**

TR-0100 (REV. 03/2015)

*Please type or print clearly your answers. Complete ALL fields, write "N/A" if not applicable.*

This application is not complete until all requirements have been approved.

Permission is requested to encroach on the State Highway right-of-way as follows:

<b>1. COUNTY</b>						<b>2. ROUTE</b>		<b>3. POSTMILE</b>		<b>FOR CALTRANS USE</b> PERMIT NO. DIST/CO/RTE/PM SIMPLEX STAMP DATE OF SIMPLEX STAMP	
<b>4. ADDRESS OR STREET NAME</b>					<b>5. CITY</b>						
<b>6. CROSS STREET</b> (Distance and direction from project site)						<b>7. PORTION OF RIGHT-OF-WAY</b>					
<b>8. WORK TO BE PERFORMED BY</b> <input type="checkbox"/> OWN FORCES <input type="checkbox"/> CONTRACTOR					<b>9. ESTIMATED START DATE</b>			<b>10. ESTIMATED COMPLETION DATE</b>			
<b>11. EXCAVATION</b>		MAX. DEPTH	AVG. DEPTH	AVG. WIDTH		LENGTH		SURFACE TYPE			
<b>12. ESTIMATED COST WITHIN STATE HIGHWAY RIGHT-OF-WAY</b>						<b>FUNDING SOURCE(S)</b> <input type="checkbox"/> FEDERAL <input type="checkbox"/> STATE <input type="checkbox"/> LOCAL <input type="checkbox"/> PRIVATE					
<b>13. PIPES</b>		PRODUCT TYPE		DIAMETER		VOLTAGE / PSIG		<b>14. CALTRANS' PROJECT CODE (ID)</b>			
<b>15. <input type="checkbox"/> Double Permit</b> Parent Permit Number _____ Applicant's Reference Number / Utility Work Order Number _____											

**16. Have your plans been reviewed by another Caltrans branch?**  NO  YES (if "YES") Who? \_\_\_\_\_

**17. Completely describe work to be done within STATE Highway right-of-way:**

Attach 6 complete sets of plans (folded to 8.5" x 11") and any applicable specifications, calculations, maps, etc.

**18. Is a City, County or other public agency involved in the approval of this project?**

- YES (If "YES", check type of project **AND** attach environmental documentation and conditions of approval)
  - COMMERCIAL DEVELOPMENT  BUILDING  GRADING  OTHER \_\_\_\_\_
  - CATEGORICALLY EXEMPT  NEGATIVE DECLARATION  ENVIRONMENTAL IMPACT REPORT  OTHER \_\_\_\_\_
- NO (If "NO", please check the category below which best describes the project **AND** answer questions A - K on page 2)
  - DRIVEWAY OR ROAD APPROACH, RECONSTRUCTION, MAINTENANCE OR RESURFACING  FENCE
  - PUBLIC UTILITY MODIFICATIONS, EXTENSIONS, HOOKUPS  MAILBOX
  - FLAGS, SIGNS, BANNERS, DECORATIONS, PARADES AND CELEBRATIONS  EROSION CONTROL
  - OTHER \_\_\_\_\_  LANDSCAPING

# STANDARD ENCROACHMENT PERMIT APPLICATION

TR-0100 (REV. 03/2015)

PERMIT NO. \_\_\_\_\_

The following questions must be completed when a City, County or other public agency **IS NOT** involved in the approval of this project.

Your answers to these questions will assist Departmental staff in identifying any physical, biological, social or economic resources that may be affected by your proposed project within State Highway right-of-way and to determine which type of environmental studies may be required to approve your application for an encroachment permit.

It is the applicant's responsibility for the production of all required environmental documentation and supporting studies and in some cases this may be costly and time consuming. If possible, attach photographs of the location of the proposed project. Please answer these questions to the best of your ability. Provide a description of any "YES" answers (type, name, number, etc.)

A. Will any existing vegetation and/or landscaping within State Highway right-of-way be disturbed?

B. Are there waterways (e.g. river, creek, pond, natural pool or dry streambed) adjacent to or within the limits of the project or State Highway right-of-way?

C. Is the proposed project located within five miles of the coast line?

D. Will the proposed project generate construction noise levels greater than 86 dBA (e.g. jack-hammering, pile driving)?

E. Will the proposed project incorporate land from a public park, recreation area or wildlife refuge open to the public?

F. Are there any recreational trails or paths within the limits of the proposed project or State Highway right-of-way?

G. Will the proposed project impact any structures, buildings, rail lines or bridges within State Highway right-of-way?

H. Will the proposed project impact access to any businesses or residences?

I. Will the proposed project impact any existing public utilities or public services?

J. Will the proposed project impact existing pedestrian facilities, such as sidewalks, crosswalks or overcrossings?

K. Will new lighting be constructed within or adjacent to State Highway right-of-way?

19. Will this project cause a substantial change in the significance of a historical resource (45 years or older), or cultural resource?  YES  NO  
(If "YES", provide a description)

20. Is this project on an existing State Highway or street where the activity involves removal of a scenic resource including a significant tree or stand of trees, a rock outcropping or a historic building?  YES  NO (If "YES", provide a description)

21. Is work being done on the applicant's property?  YES  NO (If "YES", attach 6 complete sets of site and grading plans.)

22. Will the proposed project require the disturbance of soil?  YES  NO  
If "YES", estimate the area within State Highway right-of-way in square feet AND acres: \_\_\_\_\_ (ft<sup>2</sup>) AND \_\_\_\_\_ (acres)  
estimate the area outside of State Highway right-of-way in square feet AND acres: \_\_\_\_\_ (ft<sup>2</sup>) AND \_\_\_\_\_ (acres)

23. Will the proposed project require dewatering?  YES  NO  
If "YES", estimate total gallons AND gallons/month. \_\_\_\_\_ (gallons) AND \_\_\_\_\_ (gallons/month)  
SOURCE\*:  STORM WATER  NON-STORM WATER  
(\*See Caltrans SWMP for definitions of non-storm water discharge: <http://www.dot.ca.gov/hq/env/stormwater/index.htm>)

24. How will any storm water or ground water be disposed of from within or near the limits of the proposed project?  
 Storm Drain System  Combined Sewer / Storm System  Storm Water Retention Basin  
 Other (explain): \_\_\_\_\_

**STANDARD ENCROACHMENT PERMIT APPLICATION**

TR-0100 (REV. 03/2015)

PERMIT NO. \_\_\_\_\_

**PLEASE READ THE FOLLOWING CLAUSES PRIOR TO SIGNING THIS ENCROACHMENT PERMIT APPLICATION.**

The applicant, understands and herein agrees that an encroachment permit can be denied, and/or a bond required for non-payment of prior or present encroachment permit fees. Encroachment Permit fees may still be due when an application is withdrawn or denied, and that a denial may be appealed, in accordance with the California Streets and Highways Code, Section 671.5. All work shall be done in accordance with the California Department of Transportation's (Department) rules and regulations subject to inspection and approval.

The applicant, understands and herein agrees to the general provisions, special provisions and conditions of the encroachment permit, and to indemnify and hold harmless the State, its officers, directors, agents, employees and each of them (Indemnitees) from and against any and all claims, demands, causes of action, damages, costs, expenses, actual attorneys' fees, judgments, losses and liabilities of every kind and nature whatsoever (Claims) arising out of or in connection with the issuance and/or use of this encroachment permit and the placement and subsequent operation and maintenance of said encroachment for: 1) bodily injury and/or death to persons including but not limited to the Applicant, the State and its officers, directors, agents and employees, the Indemnitees, and the public; and 2) damage to property of anyone. Except as provided by law, the indemnification provisions stated above shall apply regardless of the existence or degree of fault of Indemnitees. The Applicant, however, shall not be obligated to indemnify Indemnitees for Claims arising from the sole negligence and willful misconduct of State, its officers, directors, agents or employees.

An encroachment permit is not a property right and does not transfer with the property to a new owner.

**COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT (ADA) OF 1990:** All work within State Highway right-of-way shall be conducted in compliance with all applicable Federal, State and Local Access laws, regulations and guidelines including but not limited to the Americans with Disabilities Act Accessibility Guidelines (ADAAG), the Public Rights-of-Way Guidelines (PROWG), the Department's current Design Information Bulletin 82, "Pedestrian Accessibility Guidelines for Highway Projects", the Department's Encroachment Permits Manual and encroachment permit.

**DISCHARGES OF STORM WATER AND NON-STORM WATER:** All work within State Highway right-of-way shall be conducted in compliance with all applicable requirements of the National Pollutant Discharge Elimination System (NPDES) permit issued to the Department, to govern the discharge of storm water and non-storm water from its properties. Work shall also be in compliance with all other applicable Federal, State and Local laws and regulations, and with the Department's Encroachment Permits Manual and encroachment permit. Compliance with the Department's NPDES permit requires amongst other things, the preparation and submission of a Storm Water Pollution Protection Plan (SWPPP), or a Water Pollution Control Program (WPCP), and the approval of same by the appropriate reviewing authority prior to the start of any work. Information on the requirements may also be reviewed on the Department's Construction Website at:

<http://www.dot.ca.gov/hq/construc/stormwater>

25. NAME OF APPLICANT OR ORGANIZATION \_\_\_\_\_

ADDRESS OF APPLICANT OR ORGANIZATION WHERE PERMIT IS TO BE MAILED (Include City and Zip Code) \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

26. NAME OF AUTHORIZED AGENT / ENGINEER (A "Letter of authorization" is required if different from #25) \_\_\_\_\_

IS A LETTER OF AUTHORIZATION ATTACHED?

YES

NO

ADDRESS OF AUTHORIZED AGENT / ENGINEER (Include City and Zip Code) \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

27. NAME OF BILLING CONTACT (Same as #25  Same as #26 ) \_\_\_\_\_

BILLING ADDRESS WHERE INVOICE(S) IS/ARE TO BE MAILED (Include City and Zip Code) \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

FAX NUMBER \_\_\_\_\_

28. SIGNATURE OF APPLICANT OR AUTHORIZED AGENT \_\_\_\_\_

29. PRINT OR TYPE NAME \_\_\_\_\_

30. TITLE \_\_\_\_\_

31. DATE \_\_\_\_\_

## MEMORANDUM

Date: January 15, 2019  
To: Board of Directors  
From: Mark Martin, General Manager  
Subject: Consider Approval of Shared Costs with Developer for Force Main Break at Cantova Lift Station and Requested Relocation of Line

---

### RECOMMENDED ACTION

Approve the General Manager to commit the District to share one-half of the costs for emergency/interim repair of the sewer force main adjacent to the Cantova lift station. Estimates are a total cost of \$21,279.87 for the emergency and interim repairs by the District and Developer's contractor, including a 15% contingency for the contractor portion, of which the District would commit a maximum of one-half or \$10,639.94.

Approve the General Manager to commit the District to share one-half of the costs for relocation of the sewer force main adjacent to the Cantova Lift Station. Estimates are a total cost of is \$80,615.00 for the relocation, including a 15% contingency, of which the District would commit a maximum of one-half or \$40,307.50.

The above approvals to represent a total maximum District commitment of \$50,947.44 toward repairs and relocation. Funding to come from Sewer Replacement Reserves.

### BACKGROUND

Attached is a memo from District Engineer Coastland Engineering on a situation related to breakage and potential realignment of a sewer force main adjacent to the Cantova Lift Station. A rough diagram of the situation is provided for discussion and reference.

On December 12, 2018, the Developer's contractor broke a District sewer force main while excavating to place a new sewer line to the lift station. Unfortunately, the District's plans did not show the proper alignment of the existing force main. The District's as-built plans in question were prepared by the engineering firm Creegan & D'Angelo in April of 1987. When requested to place USA markings to indicate the path of the District's facility, the markings matched the District's as-built plans. The actual location and alignment were far off-plan. A temporary repair was effected the day of the break.

The existing alignment of the broken line impacts a newly installed customized manhole (customized for proper flow direction) and gravity flow sewer line that was designed without the expectation of the sewer line being in its current alignment. Because of this, the Developer is requesting the District to pay for part of the relocation and repair of the line. The Developer has a fast approaching deadline to meet to have their new line in place to properly serve model homes at the Murieta Gardens "78" project for K. Hovnanian Homes.

At end of business January 4, 2019, the Developer's engineer, Baker-Williams provided a rough estimate of the repairs effected by the Developer's contractors and an estimated amount to relocate and effectively repair the force main. A copy of this estimate is provided for your review. Copies of the District's work orders related to the emergency and interim repair with costs are also included for your review. The unanticipated cost to



relocate the line is significant. Based on the amount of the estimated relocation effort, Board approval is required if a relocation is desired and partly paid for by the District.

The Improvements Committee has recommended this item to the full Board and recommends a cost-sharing approach. Staff concurs given the unique circumstances of the matter. As a reminder, the Developer will need to submit detailed cost information once the project is complete to confirm final total costs of which the District will share one-half of the costs up to this item's approval limit.

As of November 30, 2018, the Sewer Replacement Reserves maintained a balance of \$2,836,876.



# COASTLAND

CIVIL ENGINEERING - CONSTRUCTION MANAGEMENT - BUILDING DEPARTMENT SERVICES

January 4, 2019

Mr. Mark Martin  
General Manager  
Rancho Murieta Community Services District  
Via email: MMartin@ranchomurieta.com

Subject: Conflict Between New Murieta Gardens Gravity Sewer Main and Existing Force Main Near the Cantova Lift Station

Dear Mark,

As requested, below is a brief summary of the conflict between the new Murieta Gardens gravity sewer main being constructed by the developer and the existing RMCSO force main near the Cantova Lift Station ("Sewer Main Conflict"):

**December 12, 2018 (~4 pm):** District received notification that an existing asbestos concrete pipe (ACP) force main was exposed during digging operations. The ownership, function and disposition of the pipe was not initially known at the time of discovery.

- Based on feedback from field inspectors, the line was first exposed and potentially compromised by an excavator, and then broken with hand tools. Sewage was released at high pressure once the pump station came back on line.
- The District's Operations Director was called to assist and a temporary patch was installed.
- The location of the break was near the Murieta Gardens subdivision gravity main connection near the Cantova lift station.

**December 13 (~8 am):** Paul Siebensohn informs District Engineer Coastland Engineering of the break and temporary fix, and requests that Coastland provide a recommendation for a permanent fix. Upon discussion with Coastland field inspectors and the Developer's Engineer of Record (Baker Williams), Coastland understood the following:

- The broken pipe is 4" ACP, inserted into a 6" ACP without a fitting. The break is in close proximity to a 90-degree bend with thrust block, from which the ACP headed vertically downward to an unspecified depth. The contractor was not able to conduct further excavations due to concerns about the stability of the fragile ACP pipe and concerns that the thrust block above the vertical segment would become unstable, may cause further damage and may compromise the safety of workers. In the process, approximately 7-8 feet of the vertical segment of ACP line was uncovered. The contractor eventually backfilled the 7-8 foot excavation that day.
- The ACP pipe is not in the location shown on the USA markings, based on District maps. The ACP line was shown to tie into the southerly side of the Cantova lift station wet well but it was uncovered on the easterly side of the wet well.
- The new gravity line is almost completely constructed from the nearest upstream manhole. The only remaining portion of the gravity line remaining to be built is a small portion from the new manhole to the existing wet well. The new gravity line is designed to be approximately 17 feet deep.

**Santa Rosa**  
1400 Neotomas Avenue  
Santa Rosa, CA 95405  
Tel: 707.571.8005

**Auburn**  
11865 Edgewood Road  
Auburn, CA 95603  
Tel: 530.888.9929

**Pleasant Hill**  
3478 Buskirk Avenue, Ste. 1000  
Pleasant Hill, CA 94523  
Tel: 925.233.5333  
[www.coastlandcivil.com](http://www.coastlandcivil.com)

- The horizontal location of the ACP pipe was explained as roughly parallel to the proposed gravity line, but still just outside the trench wall. Based on this understanding, Coastland issued a field directive via email to repair the line in place by removing the existing thrust block and ACP pipe and installing new HDPE pipe with restrained joints to replace the damaged pipe and replace the 90 degree bend. This directive assumed that the compromised pipe and thrust block could be held in place with shoring during the remainder of construction of the gravity line.

**December 14:** Baker Williams suggests to Coastland via phone call that the ACP pipe be moved and relocated, and wants District to pay for potholing to determine location of ACP pipe. The engineer states this would remove several 90-degree bends and eliminate 4 inch "pinch point". However, the District replied by stating that the capacity is not needed and direction is given to proceed with repairing the pipe in place as directed on December 13.

**December 17:**

- Coastland has an additional discussion with Mike Robertson that morning and learned that over the weekend, Poelman Construction had clarified that the trench wall needed to be widened to complete the installation of the developer's gravity main, which means that the ACP pipe is within the trench of the gravity pipe, and it is therefore not possible to shore the trench and safely install the gravity line. The ACP pipe will need to be relocated in order to install the gravity main.
- During the 1:15 pm site meeting attended by District, Coastland, Baker Williams, JDP and Poelman, the following was discussed:
  - The first attempt at placing a District camera in the force main to trace the approximate location had failed because of the 90-degree bends and camera size.
  - It was determined that the District would hire EDCO (a sewer service contractor), since they had a smaller camera and could do the work. EDCO would place their camera in the force main at the break point. The loose trench area had deteriorated over the weekend, during recent rain events. The AC paving was dangerously overhanging the open trench and needed to be cut back. Safety concerns were discussed.
  - If inserting the camera at the break point did not work, a bypass of sewage may be needed. Options on how a bypass would be accomplished, including utilizing trucks, was discussed.

**December 19:** District and EDCO were able to successfully use the camera in the existing pipe break to view and approximate the location of the sewer line. They marked the approximate sewer line location on the ground to document the location. Staff completed the repair, secured the site, and left the excavation open.

**December 26:** Baker Williams provided a sketch for the re-routing of the District force main for District review. They request additional potholing to positively locate the pipe, as the actual location and depth of the connection point is unknown.

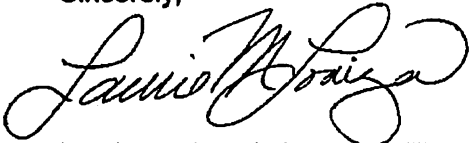
**December 28:** Conference call is set up to discuss status between the District General Manager (Mark Martin), Coastland (Dane Schilling and Laurie Loaiza), Baker Williams (Mike Robertson) and Developer (John Sullivan). The following was discussed:



- Baker Williams will prepare a cost estimate by Friday, January 4. It is understood that JDP is not able to give an accurate cost estimate until potholing is complete, so the numbers will be a preliminary estimate.
- The next step will be to set up a conference call to discuss responsibility between the Developer and the District. There is not concurrence at this time as to who will pay to relocate the force main line.

If you have any questions, please feel free to call me at (530) 968-4235. Thank you.

Sincerely,



Laurie Loaiza c/o Dane Schilling, District Engineer

cc:

Mark Martin, General Manager Rancho Murieta CSD  
Dane Schilling, Coastland Civil Engineering

F:\Projects\Rancho Murieta CSD\107-3410 Rancho Murieta CSD\TO#5 - Murieta Marketplace\Murieta Gardens I & II Infrastructure Plan\Construction submittals\Force Main Conflict





Photo 1: Trench excavation at force main break, illustrating sloughing of trench under existing AC , dated 12/17/18.



Photo 2: Trench excavation after initial backfill dated 12/13/18. Concrete area in middle of trench is top of thrust block on existing 90 degree bend.





Photo 4: Temporary repair at break dated 12/12/18.

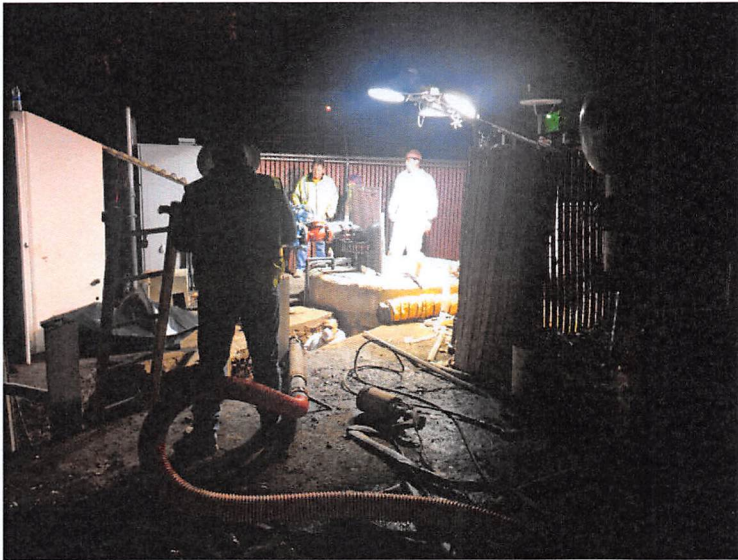


Photo 5: Site when force main was broken dated 12/12/18.





EXISTING 8" SS

EXISTING 8" SS

POTHOLE TO CONFIRM DEPTH AND ORIENTATION OF LOWER 6" FM

EXISTING SS MH

EXISTING 6" FM FROM NEW USA MARKINGS, VERIFY

NEW 8" SS 17' DEEP

45 DEGREE ELBOWS AS NECESSARY - CONNECT TO EXISTING

45 DEGREE ELBOW DOWN

POTENTIAL FM RE-ALIGNMENT - 6-INCH DIP or PVC-C900 CL-200

EX LARGE CONCRETE THRUST BLOCK

RELOCATE EXISTING WHITE ENCLOSURE

WHERE 6" FM TURNS VERTICALLY DOWN

POTHOLE EX CONDUITS- PLACE NEW 6-INCH FM & AVOID EX CONDUITS

REPAIRED FM

EX 4" FM

WET WELL

4" to 6" ADAPTOR AND PLACE 2 - 6" ELBOWS - CONNECT TO EXISTING

EX 10" SS

6" FM PER OLD USA MARKING AND PLANS

Enclosure

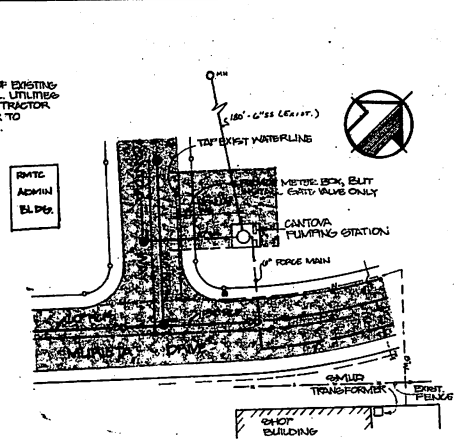
Utility box

Control Panel

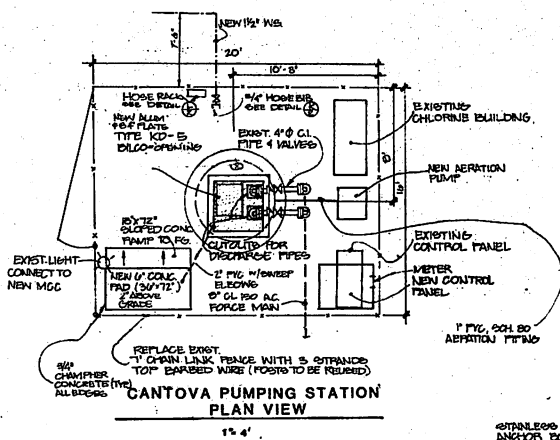
CANTOVA SEWER LIFT STATION  
FORCE MAIN CONFLICT DETAIL  
DEC 24, 2018 SCALE IS APPROXIMATE

DATE: 12/24/18 11:00 AM 1:00 PM 2:00 PM 3:00 PM 4:00 PM 5:00 PM 6:00 PM 7:00 PM 8:00 PM 9:00 PM 10:00 PM 11:00 PM 12:00 AM 1:00 AM 2:00 AM 3:00 AM 4:00 AM 5:00 AM 6:00 AM 7:00 AM 8:00 AM 9:00 AM 10:00 AM 11:00 AM 12:00 PM

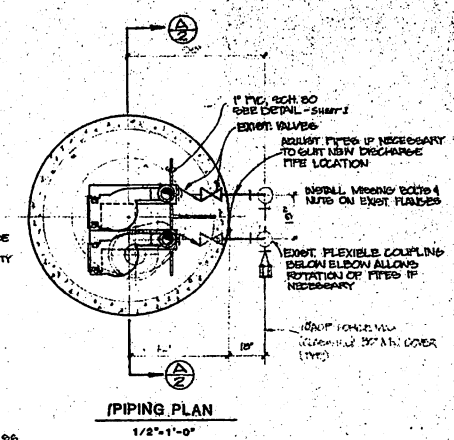
NOTE: LOCATION OF EXISTING ELBOW, GATE, FET, UTILITIES NOT KNOWN CONTRACTOR TO VERIFY PRIOR TO CONSTRUCTION.



PLAN VIEW  
1" = 40'



CANTOVA PUMPING STATION  
PLAN VIEW  
1" = 4'



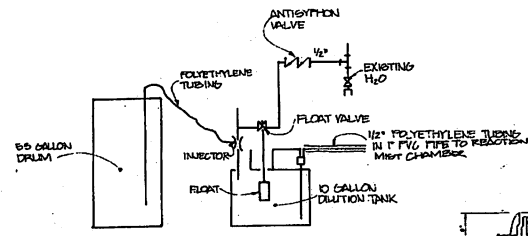
PIPING PLAN  
1/2" = 1'-0"

NOTE: ABOVE GRADE STRUCTURES NOT SHOWN FOR CLARITY

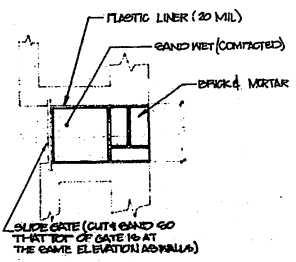
INSTALL WOODS BOLTS 4 INTO ON EXIST. FLANGES

EXIST. FLEXIBLE COUPLING BELOW ELBOW ALLOWS ROTATION OF PIPES IF NECESSARY

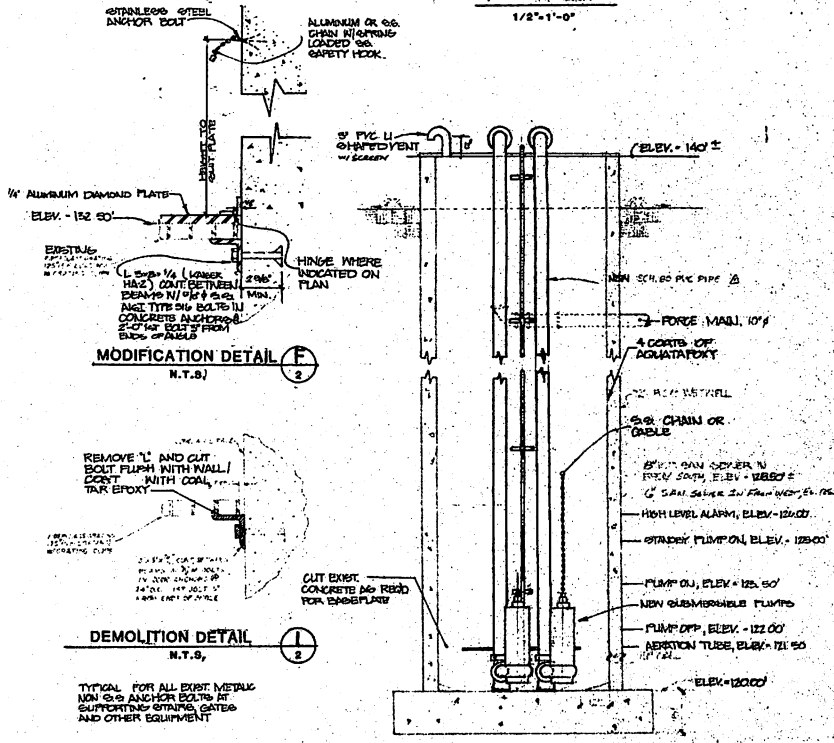
180° FLEXIBLE COUPLING (W/ 180° COVER (LVS))



ODOR CONTROL SYSTEM  
N.T.S.



DETAIL E  
N.T.S.

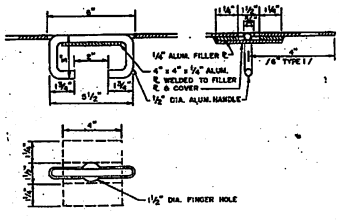


SECTION A  
1/2" = 1'-0"

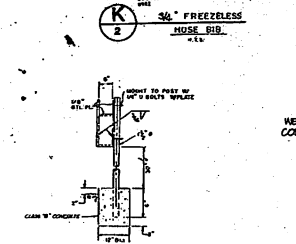
MODIFICATION DETAIL F  
N.T.S.

DEMOLITION DETAIL I  
N.T.S.

TYPICAL FOR ALL EXIST. METAL UNLESS SHOWN OTHERWISE AT SUPPORTING STRAIN GATES AND OTHER EQUIPMENT



HANDLE DETAIL G  
N.T.S.



HOSE RACK DETAIL H  
ENLARGED SCALE 1/2" = 1'-0"

CUT GRATING TO EXIT HANDLES (TYP)

NO.	DATE	DESCRIPTION
1	10/15/02	ISSUED FOR PERMITS
2	11/15/02	ISSUED FOR BIDDING
3	12/15/02	ISSUED FOR CONSTRUCTION
4	01/15/03	ISSUED FOR AS-BUILT

PROJECT NAME	STATION NO.
CLIENT	DISTRICT
DESIGNER	DATE
CHECKER	SCALE
APPROVER	PROJECT NO.

PROJECT NO.	DATE
SCALE	PROJECT NAME
PROJECT NAME	STATION NO.
DISTRICT	CLIENT
DESIGNER	DATE
CHECKER	SCALE
APPROVER	PROJECT NO.

AS-BUILT



**BAKER-WILLIAMS ENGINEERING GROUP**

6020 Rutland Drive Suite 19  
Carmichael , Ca 95628  
(916)-331-4336 Fax (916-331-4430

January 4, 2019

John M. Sullivan  
Cosumnes River Land, LLC  
P.O. Box 1230  
Rancho Murieta, CA 95683

Subject: Cantova Sewer Lift Station - Force Main Conflict and Repair Cost Estimate  
Our File No. 11-01-001

Dear John,

The following is the estimated cost related to the conflict between the existing sewer force main and proposed gravity sewer line.

<b>A Cantova Sewer Lift Station - Initial Force Main Conflict</b>				
<b>ITEM</b>	<b>DESCRIPTION</b>	<b>QUANTITY</b>	<b>UNIT PRICE</b>	<b>AMOUNT</b>
1	Force main emergency repair by JD Pasquetti	1 JOB	\$10,000.00	\$10,000.00
2	Engineering review, construction coordination	1 JOB	\$1,620.00	\$1,620.00
3	Draft Design for Repair	1 JOB	\$720.00	\$720.00
			<b>SUB TOTAL A</b>	<b>\$12,340.00</b>
<b>B Cantova Sewer Lift Station - Force Main Repair</b>				
<b>ITEM</b>	<b>DESCRIPTION</b>	<b>QUANTITY</b>	<b>UNIT PRICE</b>	<b>AMOUNT</b>
4	Pothole and explore as-built conditions	1 JOB	\$12,000.00	\$12,000.00
5	As-built survey and construction staking	1 JOB	\$2,600.00	\$2,600.00
6	Design for new tie-in details	1 JOB	\$4,500.00	\$4,500.00
7	Construction Management	1 JOB	\$1,500.00	\$1,500.00
8	Sewer Bypass per day- budget 2 days	2 JOB	\$12,000.00	\$24,000.00
9	Repair FM, Connect to Existing, Pavement repair, cleanup	1 JOB	\$20,000.00	\$20,000.00
10	Demo, ACP Haz Waste, trust block	1 JOB	\$5,000.00	\$5,000.00
11	Record Drawing - update plans	1 JOB	\$500.00	\$500.00
			<b>SUB TOTAL B</b>	<b>\$70,100.00</b>
			<b>SUB TOTAL A &amp; B</b>	<b>\$82,440.00</b>
			Contingencies at 15%	\$12,366.00
			<b>TOTAL ITEM A &amp; B</b>	<b>\$94,806.00</b>

**Note:**

- This estimate is based on assumed utility information and is subject to change upon verification of actual field conditions.
- Inspection fees have been excluded.
- Summary of conflict issue is as follows:
  - The old plans for the Cantova LS FM re-alignment depicts the force main heading southerly from the LS.
  - The CSD Operation & Maintenance Manuel also depicts the existing 6-inch FM heading south from the LS
  - The old USA paint markings identified the FM alignment in the field is as shown on the old plans.
  - The new USA paint marks and flags now identify the FM confirming a conflict with the proposed 8-inch gravity main.
  - The design and installation of the 8-inch gravity sewer main jack and bore was determined based on the information received from the CSD and the old USA markings. Had the old records been archived correctly by proper "as-builts" then the FM location would have been known such that the alignment of the proposed 8-inch gravity main would have been different. A conflict now exists due to poor record keeping.

If you have any questions of need additional information, please call.

BAKER-WILLIAMS ENGINEERING GROUP

Michael Robertson

**CANTOVA BREAK - EMERGENCY REPAIR**

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

No 36502

- Complaint  
 Inquiry  
 Security  Water  Wastewater  Storm Drain  Roads  Levees  Other \_\_\_\_\_

Priority

1  2  3

Date 12/12/18 Time 1500 hrs - 19:00 By \_\_\_\_\_ Account # \_\_\_\_\_

Name Cantova Lift Station Lot# \_\_\_\_\_

Address \_\_\_\_\_

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_ Employee to: \_\_\_\_\_

Meter # \_\_\_\_\_ Size \_\_\_\_\_ Location \_\_\_\_\_

I.D.# \_\_\_\_\_ Previous Read: \_\_\_\_\_ Current Read: \_\_\_\_\_

Location of Work: Cantova Lift Station

Description: SEWER main broke by Pasquetti digging trench with excavator.

Corrective of Action: JAMES and TRAVIS WERE onsite to assist in repair. District provided vactor truck and repair band to make repair

MATERIALS & EQUIP.			
NO	ITEM	EA.	TOT.
1	Repair Band	245	245
3	Vactor truck	300	600
3	light standered	150	450
			1295
OUTSIDE CONTRACTOR			
HR	CONTRACTOR	\$	TOT.
CSD LABOR			
HRS	EMPLOYER	\$	TOT.
4	TRAVIS	93	372
2	JAMES	56	112
1	Cory	68	68
1	Pasul	137	137
			689

Action by: B/S Date: 12/12/18 Supervisor \_\_\_\_\_ Date: \_\_\_\_\_

Invoice to: Name \_\_\_\_\_ Escrow # \_\_\_\_\_

Address \_\_\_\_\_

Zip Code \_\_\_\_\_ Phone # \_\_\_\_\_

Service Supervisor [Signature] Date 12/20/18

Accounting  Invoice # \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_

Filing Date \_\_\_\_\_ By: \_\_\_\_\_

Subtotal Materials \$ 1295  
 Subtotal O.S. CONST \_\_\_\_\_  
 Total \_\_\_\_\_  
 Plus % 3 O.H. \_\_\_\_\_  
 Subtotal Labor 689  
**TOTAL INVOICE** 1984.01



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

- Complaint  
 Inquiry  
 Security  Water  Wastewater  Storm Drain  Roads  Levees  Other \_\_\_\_\_

Priority

- 1  2  3

Date 12/19/2018 Time \_\_\_\_\_ By Ron Account # \_\_\_\_\_

Name \_\_\_\_\_ Lot# \_\_\_\_\_

Address CANTOVA LIFT STATION

Home Phone \_\_\_\_\_ Work Phone \_\_\_\_\_ Employee to: \_\_\_\_\_

Meter # \_\_\_\_\_ Size \_\_\_\_\_ Location \_\_\_\_\_

I.D.# \_\_\_\_\_ Previous Read: \_\_\_\_\_ Current Read: \_\_\_\_\_

Location of Work: \_\_\_\_\_

Description: Repair cantova lift station force main  
AC pipe has hole. Damaged by contractor and  
has temporary repair.

Corrective of Action: Dig pit back to place shoring box along  
with removing asphalt. Vactors leaking sewage. used  
chipping hammers remove concrete around D.I. pipe  
and under AC line to be replaced. Remove 3' of AC  
pipe and transition from 4" to 6". Installed new 4" to 6" DI pipe  
transition w/ MJ Flang installed 3' of C-900 and connected  
to AC pipe with coupler. Had Edco w/ vactors truck 6 hrs  
to help with removing sewage from open pipe

Action by: \_\_\_\_\_ Date: \_\_\_\_\_ Supervisor Ron Date: 12/19/18

Invoice to: Name \_\_\_\_\_ Escrow # \_\_\_\_\_

Address \_\_\_\_\_

Zip Code \_\_\_\_\_ Phone # \_\_\_\_\_

Service Supervisor [Signature] Date 12/19/18

Accounting  Invoice # \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_

Filing Date \_\_\_\_\_ By: \_\_\_\_\_

MATERIALS & EQUIP.			
NO	ITEM	EA.	TOT.
1	6" ring tile caskel		7.42
1	2" x 4" SEMJ C153		39.25
1	4" PVC WDG Rest Gland		24.24
1	4" MJ C153 Bolt		14.28
1	4" HyMax coupler		180.00
1	Shipping		250.00
	<del>Vactor Service</del>		<del>1,710.00</del>
1	Vacuum Trailer	300	
	3 hrs used		600
	stand by 6 hrs		
			1,117.04
OUTSIDE CONTRACTOR			
HR	CONTRACTOR	\$	TOT.
6	Vactor service	1,710.00	
CSD LABOR			
HRS	EMPLOYER	\$	TOT.
9	BEAU	48	432
8	JAMES	56	448
8	GABE	48	384
2	Ron	88	792
1	Paul	137	137
			92,193

EDCO

Subtotal Materials	1,117.04
Subtotal O.S. CONST	1,710.00
Total	2,827.04
Plus % 3 O.H.	84.82
Subtotal Labor	2,193
<b>TOTAL INVOICE</b>	<b>5,104.86</b>

## MEMORANDUM

Date: January 11, 2019  
To: Board of Directors  
From: Paul Siebensohn, Director of Field Operations  
Subject: Consider Approval of Proposal from Cisco-Ingersoll Rand for Wastewater Reclamation Plant Air Compressor Replacements

---

### RECOMMENDED ACTION

Approve proposal from Cisco – Ingersoll Rand for replacement air compressors for the wastewater reclamation plant, in an amount not to exceed \$24,476 which includes a 15% contingency. Funding to come from Sewer Replacement Reserves.

### BACKGROUND

Two (2) air compressors are required at the wastewater reclamation facility to provide air for pneumatic valve controls and a lot of compressed air for the two (2) Dissolved Air Flootation tanks. One (1) of the two (2) current compressors has failed and, based off the expected life cycle of them, the other is expected to fail soon.

The two (2) present compressors have been in operation since 2008 and have exceeded their expected 5-7-year life cycle. Funding would come from Sewer Replacement Reserves. The amount we have in Sewer Reserves is \$2,836,876 as of November 30, 2018 and would be easily cover the replacements.

We solicited quotes for 15 hp compressors, 120-gallon tanks, with a 5-year minimum warranty. Three (3) quotes were received for high duty replacement units with estimated life cycles of 20 years with proper maintenance. Below is a table summarizing the costs provided in the attached quotes.

Vendor	Unit Prices	Extended Price
Cisco – Ingersoll Rand	\$8,020 per unit \$0 shipping \$2,000 install each \$ * warranty \$1,243.10 tax	\$21,283.10  + \$21,000 for required maint. Plan for 5 yr warranty
Quincy	\$11,478 per unit \$1,000 shipping \$3,793 install/startup/etc. \$0 5-year warranty* \$1,848 tax at 7.75%	\$34,546  \$26,484 5yr service
Kaeser	\$12,163.10 per unit \$1,703 shipping \$1,700 install + 2 hoses \$0 5-year warranty- *using their parts for maint.	\$27,729 *budgetary quote- formal quote not available at time of memo  \$23,300

Warranties require that factory authorized dealers and parts are used, and records kept and given to manufacturer to keep up the warranties. These costs would be maintained under normal operations budget for maintenance needs at the Wastewater Reclamation Plant.



*Photo of existing compressors at Wastewater Reclamation Plant*



■ **Presented To:**  
Travis Bohannon

■ **Prepared By:**  
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**Prepared On:** 12/14/2018

This proposal is valid until 1/13/2019. After that date the quote and terms in the proposal may need to be revised.

## Rotary Screw Air Compressor R11i (15 HP) Air Cooled



Image for reference only

### Technical Information:

#### Available Flow (Capacity):

- 57.5 CFM @ 110psig (R11i-110)
- 56.1 CFM @ 125psig (R11i-125)
- 50.4 CFM @ 145psig (R11i-145)

#### Max Operating Pressure:

- 110psig (R11i-110)
- 125psig (R11i-125)
- 145psig (R11i-145)

#### Weight:

- 985 lbs. 120 Gallon Tank

#### Compressed air outlet size: 3/4" NPT

#### Dimensions - (L x W x H):

- 67" x 28" x 72" 120 Gallon Tank

*Additional Engineering Data available upon request*

### Product Description:

The new Ingersoll Rand Fixed Speed R-Series Rotary Screw Compressor incorporates proven technology and the standard Xe-Series controller ensures the highest levels of reliability, efficiency and productivity available today. Moreover, the introduction of the new R-Series design reduces complexity and improves reliability through new air end and motor design.

For ultimate customer convenience Fixed Speed and Variable Speed units were designed on a common platform therefore consumables are common across both variations. This common design was created leveraging Ingersoll Rand's global engineering to ensure optimal performance.

### Key Features & Benefits:

- **Industrial grade Motors:** With high efficiency IE3 rating, TEFC (totally enclosed fan cooled) motors for peak efficiency and reliability in the harshest environments. Additionally, for greater flexibility includes Tri-Voltage 208-230/460 configuration as standard.
- **V-Shield™ Technology:** A totally integrated, leak-free design with fewer leaks paths and encompasses PTFE (Polytetrafluoroethylene) hoses and O-Ring face seals on all oil connections to eliminate leaks and improve reliability as well as peace of mind.
- **Xe-Series Controller:** Xe-Series controller as standard with large navigations buttons, Simple and intuitive controls combined with a backlit LCD concept with optional features such as modulation, Power Out Restart, and sequencing of up to 4 compressors.
- **Rugged leak free air end:** At the heart of the R-Series are robust, roller bearing-equipped airends, engineered for exceptional reliability and efficiency. Precision machined rotors with coolant paths integral to the cast housing.
- **Cooling system:** Incorporates floating cooler design which eliminates risk for thermal stress.



Visit the Ingersoll Rand website for further information <http://www.ingersollrandproducts.com>

# PLANT ENGINEERING *Product of the Year*



We're proud to announce that Ingersoll Rand's R4-11 Rotary Screw Compressor won the 2015 Product of Year Bronze Award for the Compressed Air Category! Plant Engineering readers vote on the products they think will best help with run their plants smarter, safer and more efficiently.



The Xe-Series controllers provide a robust and easy to use interface with many built in features. The Xe-70M allows customers to sequence and control up to 4 compressors and seamlessly integrates with Xi system controls. Additionally, it has a built in Event log that stores up to 250 events such as start/stop, trips and faults/warning as well as a built in trip history that stores the last 15 trips dated and time stamped. Shows you sensor readings at time of trip for root cause analysis.

**Ingersoll Rand is dedicated to providing world class systems solutions to allow our customers to operate in the most optimal way. Contact your local IR sales representatives for more details.**





## Quote Summary

Quote #: RR121418A

All amounts are displayed in USD

Product Description	Qty	Unit Price	Extended Price
R11i 15HP 145 PSI Rotary Screw Compressor Food Grade Coolant 120 Gallon Receiver (ASME) Auto Drain Valve Start Up Kit, with Food Grade Coolant CAGI VERIFICATION DECAL [MOX, CBV] Standard Controls Fixed Speed Xe70 Power Outage Restart Option Air Cooled After-Cooler	2	\$8,020.00	\$16,040.00
Shipping	2	Free	Free
Installation w/ Startup	2	\$2,000.00	\$4,000.00

**Total Quote Price: \$20,040.00**

**NOTE: Pricing above does not include sales tax or any material not listed above**

Shipment Date : 2-3 weeks  
Distributor Payment Term : 30% down, 70% upon delivery  
FOB : Factory  
Freight Terms : Allowed  
Tax : Sales tax

BID FROM KAESER

OPTION 1			
QTY.	DESCRIPTION	PRICE	EXTENDED PRICE
<b>15 HP Rotary Screw Compressor:</b>			
2	Kaeser Model SM 15,15 HP rotary screw compressor.	\$9,136.36	\$18,272.72
	Reduced Voltage Starting, 208-230/460 Volt 3 Phase, TEFC Motor, Auto restart after power failure		
<b>ACCESSORIES/OPTIONS</b>			
2	Tank Mount (120 Gallon Tank)	\$2,529.55	\$5,059.10
2	California Code Piping	\$221.59	\$443.18
2	ECODRAIN 31 No Waste Tank Drain	\$275.60	\$551.20
<b>TOTAL</b>			<b>\$24,326.20</b>
		Estimated Freight	\$1,702.83
		Start-up Fee	N/C

## QGD-15 ' Rotary Air Compressor



*Image for reference only*

### Technical Information:

#### Available Flow (Capacity):

15 HP - 82.3 ACFM @ 100 PSIG

15 HP - 73.7 ACFM @ 125 PSIG

15 HP - 61.8 ACFM @ 150 PSIG

\*\*Data for reference only\*\*

#### Compressed Air Outlet Size:

1 inch MNPT

#### Condensate Drain Outlet Size:

5/16 Push-in

#### Sound Level:

66 dB(A)

#### Weight:

1572 lbs

#### Dimensions:

73.6 x 33.1 x 50.3 inches

### Product Description:

The QGD Series represents the ongoing evolution of proven air compression technology. Packed with the latest innovations, premium features and almost a century of compressed air experience, these models offer new features and benefits. These units are even more quiet, durable and efficient in a way that lowers your cost of ownership. That's the value of true innovation and the signature quality of Quincy.



### Key Features & Benefits:

The QGD range of air compressors is loaded with premium features including: Package Air Pre-Filtration, Phase Monitor, Auto restart after power failure, TEFC NEMA Premium Drive and Fan Motor, Wye- Delta Starter, Microprocessor Controls featuring networking up to 6 units and remote monitoring, NEMA 4 electrical enclosure, Long life consumables intervals, Quiet Enclosure from 66-69 dB(A) and the True Blue 5 year warranty.



## Option B Summary

Quote #: BMA-616803 -

All amounts are displayed in USD

Item	Product Description	Qty	Unit Price Ea	Ext Price
1	QGD-15 ' Rotary Air Compressor	2	\$11,478	\$22,956
	Horsepower: 15 @ 125.0 PSIG		✓	
	Voltage: 200/230/460/3/60		✓	
	Wye Delta Motor Starting		✓	
	TEFC High Efficiency Drive Motor		✓	
	Air After-cooler w/ Pre-Piped Moisture Separator & Drain		✓	
	8,000-10,000 Hour QuinSyn-Plus Fluid		✓	
	True Blue 5 Year Warranty		✓	
	Airlogic 2 Controller		✓	
	Phase Monitor		✓	
	Auto Restart after Power Failure		✓	
	Low Sound Enclosure (66-69 dBA)		✓	
	Receiver Tank: 120 gallon		✓	
2	8092350852 - OPTION RAIN PROTECTION QGD P	2	\$443	\$886
3	Factory Start Up	1	\$600	\$600
4	Estimated Freight	1	\$1,000	\$1,000
5	Installation	1	\$2,750	\$2,750
6	Estimated Tax	1	\$1,848	\$1,848

Total for Option B: \$30,040

Plus applicable sales taxes and freight

Lead Time : TBD  
 Payment Terms : NET 30  
 FOB : Bay Minette, AL

Freight Terms : Prepay & Add

## MEMORANDUM

Date: January 11, 2019  
To: Board of Directors  
From: Paul Siebensohn, Director of Field Operations  
Subject: Considerer Approval of Proposal from NJM for West DAF Saturation Tank Replacement

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### RECOMMENDED ACTION

Approve proposal from NJM, in an amount not to exceed \$33,415.55 for the wastewater reclamation plant west DAF saturation tank replacement. This amount includes a 15% contingency. Funding is to come from Sewer Replacement Reserves.

### BACKGROUND

The West DAF saturation tank at the wastewater reclamation facility has developed pinhole leaks due to extensive corrosion and needs to be replaced. Staff solicited costs for replacement from three vendors for a stainless-steel vs coated steel due to the highly corrosive environment present, consisting of highly chlorinated water and dissolved oxygen. The only complete quote received was from NJM, Inc. (see attached).

The amount in Sewer Reserves is \$2,836,876 as of November 30, 2018.



*Photo of West DAF saturation tank*



# N.J. McCUTCHEN, INC

METAL FABRICATION · MACHINE SHOP  
123 W. SONORA ST. · STOCKTON, CA 95203  
(209) 466-9704 · FAX (209) 465-7718  
[www.njminc.com](http://www.njminc.com)

**Rancho Murieta Community Services**

**District**

Rancho Murieta, CA

**Attention: Travis Bohannon**

Office: 916 354 3700

**Proposal No.:**

**RMCS-122818**

Date:

12/28/2018

Total Pages:

1

**Subject:**

**Saturation tank with  
installation**

**Labor and material to provide and install 1 each stainless-steel saturation tank like your existing tank as follows:**

Material of construction: T304 stainless steel  
Design pressure: 100 psig at 450° F  
Design code: ASME Section VIII Division 1, latest addenda  
Fittings: Internals and fittings like existing tank

**Price: \$26,026**

**Notes:**

1. Delivery time is about 11 weeks after receipt of order.
2. Existing tank removed by NJM for piping connection and anchor pad location reference for the new tank.
3. Installation of new tank and required equipment for such is included in the price above.
4. Prevailing wage compensation is allowed for the on-site installation labor. Payroll certification, if required, is subject to additional charge.
5. Any applicable tax is not included in the pricing above.

Thank you for considering NJM for your pressure vessel needs.

With regards,

Alan McCutchen

# MEMORANDUM

**Date:** January 11, 2019  
**To:** Board of Directors  
**From:** Mark Martin, General Manager  
**Subject:** Review Outline of Process for Renewing the District's Water Rights - Petition for Permit 16762 Water Right Extension

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## RECOMMENDED ACTION

No action.

## BACKGROUND

The District's original primary water permit which allows diversion of water from the Cosumnes River was issued in 1975, required construction of the diversion works to be completed by December 1, 1980, and full beneficial use to be completed by December 1, 1990. The State Water Resources Control Board (SWRCB) granted a petition for extension of time in 1982, which extended the time to complete construction to December 1, 1990, and the time to complete beneficial use to December 1, 2000. On November 29, 2000, the District filed a second petition to extend time to complete construction and beneficial use by another ten years. On September 20, 2006, the District filed an amended petition to drop the portion of the petition seeking to extend the time to complete construction and add another ten (10) years to the time to complete beneficial use. Because the District dropped the portion of the petition seeking to extend the time to complete construction, there is some question as to whether new diversion works may be constructed (i.e. new diversion or storage facilities may be constructed) under this Permit. When the last extension was granted, the time to complete beneficial use was extended to December 1, 2020 (10 years from the first petition plus 10 more years from the amended petition).

On November 15, 2006, the SWRCB granted the petition for extension of time filed on November 29, 2000, and thereby extended the time to complete beneficial use to December 1, 2020. As the December 1, 2020 deadline to file a new extension approaches, it is important for the Board to receive a presentation on the process required to file for a new extension, timing and other considerations that may impact this critical water right.



## MEMORANDUM

Date: January 9, 2019  
To: Board of Directors  
From: Finance Committee Staff  
Subject: Discuss Releasing a Request for Qualifications for Audit Services

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### RECOMMENDED ACTION

Approve staff to release a request for qualifications (RFQ) for audit services.

### BACKGROUND

The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens confidence in their elected leaders.

Best practices for government agencies is to re-bid audit services every five (5) years. GFOA makes the following recommendations regarding the selection of auditing services:

- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements.
- Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

**The Finance Committee recommends release of RFQ.**

## MEMORANDUM

Date: January 14, 2019  
To: Board of Directors  
From: Mark Martin, General Manager  
Subject: Receive Financial Reserves Update

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### RECOMMENDED ACTION

Discussion and provide direction to staff.

### BACKGROUND

During the last quarter, the Board had asked staff to provide a comprehensive discussion on District reserves. The purpose of the discussion today is to provide the Board with an update on staff's assessment of available reserves information and recommendations to move forward with a more systematic and transparent approach for managing reserve funds and ensuring the future needs of the District can be met. This discussion anticipates a more formal presentation once staff has compiled the facts needed to have a more thorough discourse on policy direction.

There are two (2) primary areas of reserve funds to consider: Capital and Personnel Benefits Reserves.

#### *CAPITAL RESERVES*

In 2015, the District hired a consultant, Association Reserves, LLC, to prepare a capital reserves study. The study analyzed capital assets for Administration, Drainage, Security, Sewer and Water providing detail on specific assets, useful life, remaining useful life, current costs to replace and future costs expected to be incurred at the end of each asset's useful life. Additionally, the consultant provided a snapshot of District's replacement reserve fund balances, recommended total reserves for each type of capital asset, percent of recommended total reserves being met, and recommendations for future reserve fund contribution rates to reach desired total reserve levels.

To accomplish a proper plan for Capital Reserve levels, we need the following:

- 1) An updated and complete list of capital assets;
- 2) Updated full replacement or rehabilitation costs for each asset;
- 3) A condition assessment of each asset determining the useful life remaining;
- 4) Estimated inflation factor;
- 5) Interest earnings on reserves factor.

Of note, the 2015 reserves study recommended levels of reserve does *not* account for emergency repairs to capital infrastructure, something we need to consider when factoring an overall reserves level. Reserve levels under the study were limited to "major, predictable expenses." The alternative is to have unpredictable hits to annual operations budgets as emergencies arise, something counter to the entire reserves concept of being prepared.

With the above, we are able to determine the total cost of replacement/rehabilitation for all assets, and from that, the total budget needed each year to accomplish a "Total Needs" replacement/rehabilitation cost scenario

over a fixed period of years. Once we determine the Total Needs bottom line, we can review the items below to adjust policy to reflect reserve levels the District feels are appropriate:

- 1) Current reserve balances;
- 2) Current monthly contribution to reserves via monthly rates;
- 3) Status and impact of reserve interfund loans to fund balances;
- 4) Reserve Policy options.

#### *PERSONNEL BENEFITS RELATED RESERVES*

In addition to Capital Reserves, the District currently maintains a reserve fund for Other Post-Employment Benefits (OPEB). You may also see this reserve fund listed as PARS GASB45 TRUST in District financials. In a nutshell, OPEB is for retiree medical benefits. The District presently funds OPEB obligations from its operational budget. The purpose of this reserve is in the event the District encounters a time where operational budgets are insufficient to fund this benefit. As of today, this reserve fund holds a little over \$1.7 million.

Related to CalPERS retirement pension benefits, the District presently shares part of the cost with employees to fund the benefit. Recently, the State has significantly reduced its expected investment return rate and has put a program in place to require an accelerated payment schedule for local agencies to pay their portion of unfunded liabilities. Because of these two factors, the District, along with most cities and counties with CalPERS, expect a significant increase in CalPERS pension obligations over the next number of years. At the present time, there is no reserve fund to cover anticipated CalPERS retirement benefit shortfalls.

For these two (2) personnel related obligations, a few options exist. The first is to continue as is, with OPEB reserves funding to continue and no CalPERS reserves funding. The second is to perhaps reduce the level of reserves contributions to OPEB and create and begin to contribute to a CalPERS reserve account to help buffer future increases. A third is to maintain the OPEB reserve at its current balance, cease regular contributions and focus those regular contribution amounts to a CalPERS reserve account. Of course, there are other permutations possible, however, staff believes a balanced approach under the second or third options is the most prudent if the District wishes to avoid the need to fund these benefits from the operating budget which would likely have consequences for operational service levels.

#### **STAFF NEXT STEPS TO PREPARE FOR FUTURE RESERVES DISCUSSION**

Capital Reserves:

- 1) Clearly document monthly reserves funding sources and rates;
- 2) Confirm reserves amounts;
- 3) Confirm repayment schedules for interfund loans;
- 4) Identify level of effort needed to accomplish Total Needs analysis;
- 5) Identify emergency repairs reserve options;
- 6) Develop recommended overall Capital Reserves policy options.

Personnel Benefits Reserves:

- 1) Review current annual OPEB operational budget expenditures;
- 2) Review actuary for future expected OPEB costs;
- 3) Review current CalPERS pension contributions (staff/District);
- 4) Project expected CalPERS pension contribution increases;
- 5) Develop recommended Personnel Benefits reserve policy options.