

LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Monday February 27, 2017 6:00 P.M.

Meeting Location:
District Office
8624 Segreue Road
Lamont CA, 93241

1. Call to Order/Roll Call

- a. Board President Cruz called to order the regular board meeting at 6:00 pm on Monday, February 27, 2017 at the office of the Lamont Public Utility District. All Board Members were present. Staff present included General Manager/District Secretary Scott Taylor, District Counsel Alan Peake, District Engineer Dan Cronquist, Finance Officer David Chalupa and District Interpreter Ricardo Sanchez.

2. Pledge of Allegiance – Led by President Cruz

3. Board Member announcements –

- a. Director Prado requested that weekly updates of District business be provided to the Board. Director Prado indicated this was something that had been done in the past and would like to see it continue. General Manager Taylor indicated he had planned to bring that up to the Board on his own stating it was something he wanted to do. Taylor indicated that weekly updates will be provided to the board beginning with the upcoming week.
- b. Director Sanchez requested along the same lines as the weekly updates, that perhaps updating the information on the District website to provide information as to what is occurring in the District. Taylor stated he would begin a review of the website and initiate some updates.
- c. Director Sanchez requested information regarding well #19. Engineer Cronquist related that well 19 had a pump bearing failure that was currently being repaired. Cronquist stated the bearings failed and required the well to be taken off line to warrant work on the pump can be conducted. Director Sanchez asked how long the well has been offline and the response was one month.
- d. Director Sanchez further commented and inquired about the flooding at well 19. Director Sanchez commented on the well design asking if the flooding in Lamont was taken into consideration during the design. Cronquist replied that none of the critical equipment was affected by the water accumulation at the well. Cronquist stated the water only rose approximately 2” or so and that the water never came close to

interfering with the equipment. Further Cronquist stated the District's panel is raised three feet above the ground. He also stated the PG&E panel is lower to the ground but that the District has no control over the engineering or placement of the PG&E panel. Director Sanchez requested this item be brought back to the board for possible options to better protect the equipment from flooding.

4. Public Comment

- a. None.

5. Staff Reports

- a. District Counsel – None.
- b. District Engineer:
 - i. Dan Cronquist informed the Board that the District received a reimbursement check from the USDA grant for the Fairfax Project in the amount of \$40,000.
- c. Finance Officer:
 - i. Finance Officer David Chalupa provided a brief overview report of the financial status of the District. The District is solvent and has cash in the amount of approximately \$6.7 million. GM Taylor related that the purpose of the report was to provide the Board with a general overview of where the District stands financially. Included in the report was the cost of the TKR removal and the additional costs associated with the continued sludge removal. Director Sanchez requested additional information regarding the preparation of the FY 17/18 budget, primarily focusing on expenditures for analysis and review.
- d. General Manager:
 - i. Well 17 Encroachment Update: GM Taylor reported that an initial letter of communication was mailed to the property owner and the District is awaiting a response from the encroaching property owner. Additional efforts to make contact with the owner will occur in the future.
 - ii. Plan B Implementation: Plan B operations have been initiated and the process is on-going. Director Sanchez requested information at the next Board meeting regarding the agreement with Recology and our time line commitments to relocate the TKR.
 - iii. GM Taylor reported on the recent hiring of a new staff member to back fill the existing open position in the field. The new hire is named Jose Gonzalez and his first day at work was Monday January 27, 2017. He also possesses a class B license and is authorized to operate the gap vax truck for the District.
 - iv. GM Taylor requested direction and input from the Board regarding how they want the agenda delivered to them. Taylor reported that a couple board members indicated emailing the agenda was too difficult to navigate from one

attachment to the next and had requested the agenda be downloaded to their Ipads. The consensus was to accommodate each board member individually. Those board members desiring the agenda to be downloaded agreed to have their laptops at the District office no later than the week before the board meeting. Taylor agreed to accommodate each board member to their desired delivery method.

6. Consent Agenda

- a. A motion by Director Prado seconded by Director Gonzalez to approve the consent items. Approved 5-0

7. Regular Agenda

- a. Approval by General Manager of Change Order No. 6 for Solar Project.

- i. District Manager Scott Taylor reported he signed and approved a no cost change order commensurate with the authority given to him by the Board. Taylor wanted to inform the Board that the process and authority given to him is working creating greater efficiency associated with various projects.

- b. Contract Change Order No. 7 Solar Power Project.

- i. District Engineer, Dan Cronquist reported the need for a contract change order is the result of additional costs for labor and equipment associated with the interconnection of the solar system with PG&E. Cronquist reported the cost of the interconnection are exceptions from the original contract. Cronquist reported that the original change order started at approximately \$197,000. GM Taylor and Cronquist engaged in a phone conference with the VP of Borrego and negotiated the change order down to approximately \$157,000 as a result of a line by line discussion of what is and is not excluded from the original contract.

Director Sanchez inquired as to why such costs were excluded from the original contract and how that could occur. He stated he recalls that the calculations were created by Borrego for the costs of the interconnection. He inquired as to why now yet another change order. Cronquist related he asked Borrego that similar question and Borrego responded that they really didn't focus that much on the costs associated with the interconnections. Director Sanchez related he felt that allowing such exclusions into the contract was irresponsible.

Both Director Sanchez and Director Cruz stated that they recall the presentation and that the presentation included a budget for the interconnection at \$150,000 and was told it would not exceed \$200,000.

They inquired as to why now an additional \$157,000 above the budgeted \$150,000 was being requested. Cronquist replied with his personal opinion that the sales presentation presented a very different picture than that of the actual construction costs of the project. Cronquist stated he didn't feel the approach by Borrego was right, but that we have reduced the change order as much as could occur.

Director Sanchez inquired into the why the exclusions were part of the contract. General Counsel Alan Peake stated it was part of the original contract and that the District knew of the exclusions in the contract. Peake stated this occurred because there was no way for Borrego to know the actual costs of the interconnections until it actually occurred. Director Sanchez stated he does not recall the Board ever being informed of the exclusions in the original contract and now the District is being held hostage by Borrego.

Director Sanchez stated that the District is leaking money left and right due to these constant and repetitive change orders. He stated he is very concerned for the future financial health of the District due to constant change orders.

Director Cruz stated that in the future the District needs to be diligent in its contract negotiations and minimize change orders pushing projects over budget. GM Taylor assured the Board additional scrutiny of projects and the finances associated with projects will be better communicated to the Board and better negotiated so the District is fully aware of its commitments and agreement terms.

- ii. Motion by Director Sanchez, seconded by Director Prado to approve the contract change order No. 7. Approved 5-0.

c. Board of Director's Handbook.

- i. This item was on a previous agenda and the Board requested it be brought back to this meeting. At a previous board meeting, the Board agreed to review the handbook and provide their changes and suggestion to the General Manager. The General Manager would then compile the suggested changes from each of the board member's into one combined document for each member to review and collectively agree on the recommended changes. Since that board meeting, at the request of a board member, it was suggested that a study session be scheduled to review and discuss the Director's handbook so all board members could openly discuss the handbook amongst themselves any possible changes. GM Taylor requested that the Board

choose a date for the study session. Director Sanchez requested that all board members come prepared to the study session to discuss the handbook and any suggested changes or modifications.

Director Prado stated she is open for any Saturday to schedule the study session. General Manager Scott Taylor requested a date certain be chosen and scheduled. Director Hernandez stated the only Saturday she is available would be March 18, 2017. , it was suggested to table this item to allow the Board to further read and analyze the handbook and make notes of their suggested changes to the handbook in more detail. Further, Taylor suggested that each Board member make their recommended changes and submit them to the General Manager. The General Manager would then compile all of the suggested changes for consideration of the Board as a whole to be discussed at a future board meeting.

Director Sanchez stated the handbook had been given to the Board over three months ago and indicated the board should finalize the handbook process or quit the process of the handbook. Director Sanchez also stated he would like to include the budget process in the handbook study session.

The Board agreed to have the handbook study session on March 18, 2017 at 8:00am.

ii. Motion by Director Prado, seconded by Director Sanchez. Approved 5-0.

d. Budget Study Session.

i. GM Taylor requested the Board to consider a scheduling a budget study session to review a draft budget for the District for the upcoming FY17/18. Director Sanchez requested that the budget session include a review and discussion of the expenditures of the District. GM Taylor outlined the concept of a budget study session which includes presenting the Board with a draft budget, conducting the study session, making any changes or alterations to the budget as directed by the Board and then bringing the budget back to the Board for a final review and approval at the May or June regular board meeting.

This item was on a previous agenda and the Board requested it be brought back to this meeting. At the request of General Manager Scott Taylor, it was suggested to table this item to allow the Board to further read and analyze the handbook and make notes of their suggested changes to the handbook in more detail. Further, Taylor suggested that each Board member make their recommended changes and submit them to the General

Manager. The General Manager would then compile all of the suggested changes for consideration of the Board as a whole to be discussed at a future board meeting.

Director Sanchez suggested the budget study session should occur during the week. Director Cruz stated he is only available on a Tuesday.

GM Taylor recommended that he prepare the draft budget and then schedule the budget study session on a future Tuesday during the month of March or April. Board agreed to this recommendation.

ii. Motion by Director Sanchez, seconded by Director Gonzalez. Approved 5-0.

e. Over Billing for 8204 Palm Street

i. GM Taylor requested this item be removed from the agenda. GM Taylor was able to locate a copy of an ordinance that spoke directly to this issue allowing only two years prior for reimbursement of over-billing. President Cruz removed the item from the agenda as requested by GM Taylor.

8. Closed Session

a. Consideration of Potential Litigation – Govt. Code section 54956(d)(4)

9. Open Session

a. Report from Closed Session

i. Information was provide and by unanimous consent, direction was given.

Adjournment

A motion was made by Director Prado and seconded by Director Gonzalez to adjourn the Regular Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Monday, February 27, 2017 at 7:19 pm. Approved. 5-0.

ATTEST:

X

Jose G. Cruz, President of the Board

X

Scott Taylor, Board Secretary/General Manager

Manager. The General Manager would then compile all of the suggested changes for consideration of the Board as a whole to be discussed at a future board meeting.

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X *Jose G. Cruz*
Jose G. Cruz, President of the Board

X *Scott Taylor*
Scott Taylor, Board Secretary/General Manager