

LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Monday, November 16, 2015 6:00 P.M.

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

1. Call to Order/Roll Call

Board President Prado called to order the regular board meeting at 6:00pm on Monday, November 16, 2015 at the office of the Lamont Public Utility District. All Board Members were present except for Director Cruz. Staff present included General Manager/District Secretary Nick Turner, District Counsel Larry Peake, District Engineer JT Gardiner and Interpreter Ricardo Sanchez. Director Cruz arrived and joined the meeting at 6:20pm.

2. Pledge of Allegiance – Led by President Prado

3. Board Member announcements

Director Sanchez inquired about the status of the setup of the bank accounts with Wells Fargo and requested that the setup process be completed as soon as possible.

Director Sanchez stated that on October 28th, he came to the speak with the General Manager about renting a water meter and that the General Manager stated the he had specific orders from the Board President not to provide him with water services. Director Sanchez asked President Prado if she directed the General Manager not to provide him with water services. President Prado stated that she did not direct the General Manager. She stated that when she brought this to the General Manager, she told him to put it on the agenda for discussion with the whole board as to what action the board members would like to take. She stated that she never told the General Manager that she did not want to give him service. Director Sanchez stated that was what he was told by the General Manager and that was the reason that he could not rent a meter. He stated that the application has been filled out and he feels that he has a right to get water from the District. He stated that the General Manager was under your instructions not to provide him with water. President Prado stated that when she came and spoke with the General Manager, she told him that he could put the item on the agenda for discussion and that the rest of the Board will know what is being requested. She stated that she discussed with the General Manager how the District is renting this, if it is different, one or two business. She requested that the General Manager explain this to Mr. Sanchez. The General Manager stated that he cannot go into much detail because this is not an agenda item. He stated that the Board has given him authorization to issue a hydrant meter permit for construction water. The General Manager stated that if Mr. Sanchez resubmits his hydrant rental agreement, that it can be processed. Director Sanchez asked when did the Board make that decision because when he came and spoke with the General Manager, he said he was told that the Board President gave the General Manager clear direction not to provide water for Mr. Sanchez' project. Mr. Sanchez asked when the Board reversed their decision. He

stated that if this is a board item, it has to be discussed in the setting of the full board. Director Sanchez stated that he doesn't believe that the president has the authority to direct the General Manager not to provide him with water. He stated that this is his understanding. The General Manager stated that this item can be brought back for discussion at the next board meeting. President Prado said she asked for this to be an item. She stated that she called the General Manager in the morning and asked why the item was not on the agenda. The General Manager stated that there is no reason to have the item on the agenda if the Board has authorized the General Manager to provide construction water to Mr. Sanchez. That is the reason why it is not on the agenda. The General Manager suggested again that if the Board wants to have this discussion that it should be placed on next month's agenda. He stated that this is not an agenda item and that the Board is having a full discussion on the topic. President Prado stated that she agrees with the General Manager. Director Sanchez asked if President Prado directed the General Manager to deny him water. President Prado stated that she told the General Manager to bring this to the agenda for discussion with the whole board to be informed as the action that needs to be taken. She stated that she never used her position to refuse Mr. Sanchez water. Director Hernandez asked if construction meters are being rented to any other customer. President Prado stated that this is not on the agenda for discussion. President Prado stated that she did not refuse to give Mr. Sanchez service. Director Sanchez stated that his questions to President Prado is whether or not she told the General Manager that. President Prado stated that she never told the General Manager not to give service to Mr. Sanchez and to put this on the agenda for discussion. Director Sanchez stated that he just wanted to clarify what he was told. He stated that someone here is not telling the truth. He stated that when he came, he was denied the service because the General Manager got orders from President Prado. He asked President Prado if the General Manager is lying. President Prado stated yes. The General Manager stated that he was instructed by President Prado not to issue the hydrant meter to Mr. Sanchez for his project. The General Manager stated that President Prado's position has changed and now she approves of the hydrant meter being rented to Mr. Sanchez. Director Sanchez and Director Gonzalez thanked the General Manager for the clarification. President Prado stated that she told the General Manager to bring this to the agenda. The General Manager stated that the item was specifically removed from the agenda because he is now authorized to rent a hydrant meter to Mr. Sanchez for his project and there is now no need for the discussion. President Prado stated that when she came to discuss this with the General Manager and Director Cruz called her, the General Manager explained that Mr. Sanchez rented a meter in the past and this is the reason she changed her mind. She asked the General Manager why he asked her about renting a meter to Mr. Sanchez. The General Manger stated that approximately one month ago, President Prado instructed him not to provide construction water to his construction project period. He stated that in the last week, President Prado instructed him that now it is okay to issue Mr. Sanchez water for his construction project. He stated therefore, there is no reason to have an agenda item to discuss this matter. He would now be issued construction water just like the District provides construction water for any other project within the District. President Prado stated there are two issue, renting construction water and issuing a will-serve letter is another. The General Manager stated that this is President Prado's position within the last week but it wasn't two and a half weeks ago or a month ago. President Prado stated that the General Manger all the time lies to protect Mr. Sanchez. Director Gonzalez stated that the General Manger is just doing his job.

President Prado asked Director Gonzalez why in the past the General Manager called and asked but in the past he never called. Director Sanchez stated that the General Manager doesn't need authorization from the board president to rent a meter. Director Sanchez stated that President Prado doesn't have the right to tell the General Manager that he is lying when he is stating exactly what you instructed him to do. Director Hernandez requested that this be put on the next agenda.

Director Prado stated that the State performed a visit of the District facilities and she is excited that the District is run well and everything is fine.

Director Hernandez stated that the last meeting, a board member stated that one board members to make policies to make it better, that was Mr. Sanchez which I agree with, that is why he expects and hopes for more support from the Manager and the attorney how we can help them because we can make a better situation as far as the illegal connections to review the Ordinance 50 and make it current. The General Manager stated that an update of Ordinance 50 is something that the General Manager and legal counsel are working on. It is being split up into smaller sections for discussion with the Board.

4. Public Comment

David Manriquez inquired with the Board and General Manager as to the status of the Well #19 project. He stated that he continues to have problems with pressure at the north end of town. He stated that he understands that system pressure has been reduced to assist with water conservation but he states that if he is saving water and his bill has been down, why the whole town is being punished. The General Manager stated that the system pressure has been lowered by only 5 psi in an effort to help with water conservation. He acknowledged that there is lower pressure at the north end of town but that Well #19, once online, should resolve these pressure issues. Mr. Manriquez stated that this has been an ongoing issue for a couple of years now. The General Manager stated that system pressure has been lowered by 5 psi to assist the District is reaching the 28% conservation standard. He stated that although some customers are doing their part and conserving 28%, some are not. He stated that the District has not reached its conservation standard during the past two months. Reducing the system pressure a minimal amount will help to conserve water and help the District reach the conservation standard while avoiding penalties issued by the State. President Prado asked the General Manager to look into this problem, specifically looking at meeting minutes.

Petra Villanueva stated (regarding Item J on the agenda) that when this item was brought up in the past, it was not accepted. She asked why now the General Manager is making a petition for this rotation when the current president brought up this position, the General Manager and attorney said no. What is the reason why that petition was denied before and the president's term was done. She stated that she sees a little bit of discrimination maybe because the previous board had three men with the president being a man and now the current president is a woman, therefore this change had to be done quickly. The General Manager stated that this item will be discussed in detail at Item J. He stated that the meeting minutes for November 2013 reflect the rotation of the Board President. He stated that it was Director Prado's request to rotate the Board President and Vice President positions on an annual basis so that each board member would have the ability to hold the position and learn about the position. Therefore in December 2013, the board president was rotated. In December of 2014, after the new board members assumed their position as board members, a

board president and vice president was select and again the positions were rotated. They remain on the same annual rotation. This is not a request by Staff to rotate the position but rather Staff bringing the item before the board as requested. He stated that the Board can leave the positions as is or change the positions or get rid of the item altogether. He stated that there is no discrimination taking place in this decision. He stated that this is something that the Board requested be brought back for three consecutive years. He stated these actions are all documented in the meeting minutes and can be provided if desired.

Jose Gaspar stated that many things are happening with the District that have been happening for a long time. He stated that he has been looking into three specific issues that he would like clarification on and thus far he has not been able to get any response. The first issue is missing money in the vicinity of \$200,000. The second issue is that audits have been lagging in the past but believes the audits are caught up now. And the third issue being what is the status of the McKee Waterline project. He stated that he understands that the District had to file a lawsuit against the previous General Manager, Mr. Cervantes, for failing to properly put the project out for bid. He stated that the rate payers were caught having to pay out a substantial amount of money to implement the McKee Waterline project. Mr. Gaspar stated that he is looking for answers to these questions. President Prado asked the General Manager to address the questions. The General Manager stated that as he explained previously, the first issue regarding the \$200,000 of missing money is currently under investigation and we are not able to discuss it at this time. He stated that the audits have been current for nearly 1.5 years now and that the District is currently working on the 2015 audit which is expected to be complete any time. He stated that the McKee Waterline project is also being investigated and is being considered potential litigation and therefore cannot be discussed.

5. Staff Reports

- A. District Counsel – Nothing Reported
- B. District Engineer – Nothing Reported
- C. General Manager – Nothing Reported

6. Consent Agenda

President Prado stated that she requested that the meeting minutes for September 28, 2015 be brought back for reconsideration for approval. She stated that she did not understand why Director Sanchez requested a section be removed.

The General Manager stated that the board members were provided with a revised set of meeting minutes for the October 20, 2015 board meeting which include revisions requested by President Prado.

Motion to approve all items included on the Consent Agenda

First Motion–Director Cruz

Second Motion–Director Hernandez

All in favor. Vote 5–0. Approved.

7. Regular Agenda

- A. Report and Possible Minute Action: Consideration and possible approval of proposed budget from AECOM to prepare updates to the District's Water and Sewer Master Plans in the amount of \$58,000; District Engineer, JT Gardiner

The District Engineer explained AECOM's proposed scope and cost to prepare an update of the District's water and sewer master plans. He also explained the purpose of the master plans and the benefits of having and updating the plans. The District's current master plans were updated nearly 10 years ago.

Director Sanchez stated that he is concerned that the District spent the same amount of money ten years ago and the District has not seen any growth. He stated that he thinks everything needs to be put on the table including capacity fees and the needs of the District. He stated that he feels there are a lot of urgent needs which the District should be spending this money on at this time rather than these plans.

Director Gonzalez stated that he agreed.

President Prado asked for an explanation as to the benefits of having a master plan. The General Manager explained that a master plan is a planning document that details what the District sees in its future, for example where growth is expected, what infrastructure is projected to be needed and associated costs. Those results are then used to evaluate the District's financial position and determine if rates are adequate. It is common that public agencies update their master plans every 5 or 10 years.

Director Cruz stated that he feels the current master plans are old and need to be revised.

Director Prado stated that she agrees with Director Cruz.

Motion to approve the proposed budget from AECOM to prepare updates to the District's Water and Sewer Master Plans in the amount of \$58,000

First Motion—Director Cruz

Second Motion—Director Hernandez

Vote 3–2. Approved.

- B. Report and Possible Minute Action: Consideration and possible approval of REVISED Contract Change Order #11 for the Water Well #19 Project in the amount of (-\$4,878.34); District Engineer, JT Gardiner

- i. Water Well #19, REVISED PPE #17, Brough Construction Inc., \$121,482.83.
- ii. Water Well #19, PPE #18, Brough Construction Inc., \$23,820.30.

The District Engineer explained that this contract change order includes two items, one of which is a correction of an item included in Contract Change Order (CCO) No. 10 and the other being the contractor's payment for construction water.

Progress Pay Estimate No. 17 and 18 are included in this item for consideration and approval because CCO No. 11 is included in both progress pay estimates and requires approval prior to the Boards approval of the progress pay estimates.

Motion to approve the REVISED Contract Change Order #11 for the Water Well #19 Project in the amount of (-\$4,878.34), and Progress Pay Estimate #17 in the amount of \$121,482.83 and Progress Pay Estimate #18 in the amount of \$23,820.30.

First Motion–Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

- C. Report and Possible Minute Action: Approval to transfer \$3,900,000 from CalTRUST Short Term Fund Acct#201-000204-10, to CalTRUST Medium Term Fund Acct# 202-000204-10; General Manager, Nick Turner

The General Manager reported that Staff is requesting Board approval to transfer funds from the District’s CalTRUST short term fund to its medium term fund to take advantage of the higher interest rate. The current interest rate for the short term fund is 0.54% and 0.90% for the medium term fund. The recommendation is to move \$3,900,000 to the medium term fund, leaving \$910,236.80 in the short term fund. The remaining balance in the short term fund is adequate to cover the remaining expenses associated with the Well #18 TCP Treatment project.

Motion to approve the transfer of \$3,900,000 from the District’s CalTRUST Short Term Fund Acct#201-000204-10, to its CalTRUST Medium Term Fund, Acct# 202-000204-10.

First Motion–Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

- D. Report and Possible Minute Action: Update on CEC funding for Solar Project; General Manager, Nick Turner

The General Manager reported that the California Energy Commission loan process is moving forward. CEC has deemed the project fully fundable. The total project cost is \$2,580,767 with an interest rate at 1%. The simple payback period for the project is 9.5 years. The official loan term will be know as soon as the loan documents are received from CEC. CEC is requiring the loan documents be executed by the Board and returned to CEC by Dec 9th. This will require a special board meeting since our regular board meeting is scheduled for December 14th. The Board agreed to hold a special board meeting on December 7th at 5:00pm.

No Motion. Information Only.

E. Report and Possible Minute Action: Clarification on Insurance Coverage for Dependents of Employees; General Manager, Nick Turner

The General Manager requested clarification as to whom is eligible to be included on an employee's health insurance. More specifically whether or not an employee's domestic partner, who they are not married to, could be covered by the District's health insurance policy. According to Paul Sheldon, the District is not obligated to offer coverage for opposite-sex domestic partners under the age of 62. Staff requested clarification from the Board regarding this matter.

Director Gonzalez recommended that the employee must be married in order to have their partner included on their insurance.

Director Sanchez and Cruz were opposed to providing insurance to unmarried partners.

Motion to limit insurance coverage for domestic partners that are married only.

First Motion—Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

F. Report and Possible Minute Action: Establishment of a Pay Schedule for all District positions; General Manager, Nick Turner

The General Manager explained that the Board adopted a salary matrix in 2012 which included 5% annual pay increases for employees based on merit and 2.5% pay increases for obtaining certain certifications. He stated that the salary survey neglected to establish a pay range for each District position. These pay ranges are required by CalPERS law. In addition, the District's auditor is recommending the Board adopt pay ranges for each employee.

Staff reviewed the history of pay increases received by all employees, tracking backwards in the matrix based on past annual reviews and certifications obtained and forwards based on eligible future merit increases and certifications to establish a proposed pay range. Using this information, a pay schedule was developed. This pay schedule established a pay range for all District positions. Each step in the pay schedule matches those in the salary matrix, therefore this pay schedule is not proposing a change in pay for any employee. This is simply a different way to display the same information. The only difference between the salary matrix and the proposed pay schedule is that the proposed pay schedule differentiates between base pay and incentive pay.

The General Manager explained that Staff then performed a salary survey. The purpose was to compare the pay ranges of the District's current positions to those positions performing similar job duties at other Districts. All special districts within the southern end of the San Joaquin Valley were included in the survey. All salaries were obtained from the State Controller's Office, with the most current compensation report available being from 2013. Using the data gathered, the average, median, minimum and maximum salaries were calculated for each position. The results appeared to indicate that District employees are currently paid at average or slightly below the average salary.

Staff recommended that the Board consider the adoption of the proposed Employee Pay Schedule. He reminded the Board that the proposed pay schedule doesn't change the established pay currently incorporated in the adopted salary matrix. He also reiterated that having an established Employee Pay Schedule is a requirement of CalPERS Law and is being strongly recommended by the District's current auditor.

Director Sanchez recommended that the District needs to develop some guidelines on how to evaluate an employee based on merit.

Angelica Munoz asked if all employees are eligible to obtain certifications for pay increase. The General Manager stated that the District's Certification Incentive Policy details those position which are eligible to receive increased pay for acquiring.

Director Prado expressed interest in having Rolando be the water and wastewater supervisor and only have one supervisor position.

Director Gonzalez asked how East Niles CSD compared to the District as far as number of employees and service area.

Jesus Ramirez stated that billing clerks are paid the same as teachers. He asked if the billing clerks have certifications. The General Manager stated no.

Jose Mireles stated that previously he brought salaries from the Arvin water district and the General Manager stated not to compare the District's salaries to those of other agencies. He asked why now are District salaries being compared to other agencies. The General Manager stated that you have to be careful when comparing salaries from different agencies because different agencies provide different services and have different responsibilities.

Angelica Munoz suggested adding addition information to the salary survey such as number of employees and size of service area.

Director Sanchez clarified for the rest of the Board and the public that the pay schedule establishes a 25% pay increase for all positions spread over 10 years. He stated that he just wants to make sure the District has the revenue available in ten years.

Motion to table the item and bring it back for more discussion.

First Motion–Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

- G. Report and Possible Minute Action: Possible revision to District Policy *320 Certification Incentive Policy*; General Manager, Nick Turner

No discussion. Item tabled to a future meeting.

- H. Report and Possible Minute Action: Quick claim of Shell Oil Company's pipeline easement that traverse the District's Plan B property; General Manager, Nick Turner

The General Manager provided the Board Members with an updated quit claim. The General Manager explained that the Plan B property has an abandoned Shell Oil pipeline running diagonally across it in a northeasterly to southwesterly direction. While performing a utility survey of the property, Recology determined that the Shell Oil pipeline was located outside of Shell Oil's utility easement. Shell Oil has proposed to cut and cap the pipeline outside the District's property and the quit claim the easement back to the District. This will improve the feasibility of the grading of the property.

Motion to approve the quit claim of the Shell Oil Pipeline easement to the District

First Motion – Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

- I. Report and Possible Minute Action: Consideration and possible approval of Resolution No. 434 to assist in the District's effort to encourage water conservation from its customers; General Manager, Nick Turner

The General Manager explained that the District discussed water conservation in length at the District's last board meeting. He stated that it continues to be imperative that the Board consider implementing additional water conservation measures to help meet the 28% conservation standard.

For the 4th month in a row, the District did not meet its month conservation standard of 28% reduction. In May, June and July, the District exceeded its conservation standard achieving 33%, 30% and 31%. But in August, Sept, and October, that District fell short of the conservation standard at 27%, 24% and 16%.

The State's urban water conservation requirements allows for excess water conserved over the established water conservation standard can be carried over to future months and counted toward meeting the District's conservation standard. Based on the District's water conservation since June, September was the first month the District was out of compliance.

The General Manager stated that the agenda packet included a draft Resolution No. 434 which proposes several modifications and additions to the existing water conservation requirements. These modifications include a reduction in the irrigation of outdoor landscaping to 2 days per week, temporarily prohibit the sale of construction water for construction purposes for projects located outside the District boundary, and temporarily suspend any new or expanded water services for period of six months.

Staff ran a high water usage report on those residential customers that used over 45 hcf per month. There was nearly 600 customers on the list and there combined usage exceeded 00% of the District's month production. The General Manager stated that he prepared a notice in both English and Spanish which Staff is in the process of mailing to those customers identified as a high water user.

David Manriquez questioned why the District doesn't go after the people that are using the water and fine them like the City of Bakersfield instead of distributing flyers. Fines will get the customers attention much quicker than flyers.

President Prado stated that she agreed that the District should be issuing fines.

Director Sanchez suggested reducing irrigation by one day, issuing fines and targeting the high-water users.

Director Hernandez recommended changing the irrigation days to days during the week to make it easier to see who is violating the water use restrictions. Director Sanchez stated that he supported the Monday, Wednesday and Friday proposal for irrigation days.

David Manriquez asked if the District could send out notifications to its customers notifying them of the change and including information on the fines.

The Board requested that Staff bring back to the Board information on fines and hiring a compliance officer.

Motion to approve the adoption of Resolution No. 434 implementing additional water conservation measures including a reduction in irrigation days to Mondays, Wednesdays and Fridays and prohibiting the sale of water for construction purposes for use outside the District's boundary.

First Motion – Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0. Approved.

- J. Report and Possible Minute Action: Board requested annual rotation of Board President and Vice President designation; General Manager, Nick Turner

In November 2013, the Board voted in favor of rotating the Board President and Vice President positions annually. In December 2014, after the new Board Members were sworn in, the Board President and Vice President were selected. He stated that it is time again to select the Board President and Vice President for the next year.

Motion to approve Director Cruz as Board President beginning at the District's December board meeting.

First Motion – Director Sanchez

Second Motion – Director Gonzalez

Roll Call Vote: Yes- Cruz, Prado and Hernandez. No- Sanchez and Gonzalez

Vote 3-2. Approved.

Motion to approve Director Prado as Board Vice President beginning at the District's December board meeting.

First Motion – Director Gonzalez

Second Motion – Director Sanchez

Roll Call Votes: Yes- Cruz, Prado, Hernandez, Sanchez and Gonzalez.

Vote 5-0. Approved.


8. Report on Closed Session

- A. Conference with legal counsel; Potential threat of litigation §54956.9 (d)2 1 case
Information was provided and by unanimous consent, direction was given.

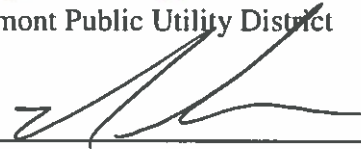
Adjournment

A motion was made by Director Cruz and seconded by Director Hernandez to adjourn the Regular Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Monday, November 16, 2015 at 6:00 pm.

ATTEST:

x 

Jose G Cruz, Board President
Lamont Public Utility District

x 

Nicholas Turner, Board Secretary/General Manager
Lamont Public Utility District