

# LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Monday July 27, 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 6:02pm on Monday, July 27, 2015 at the office of the Lamont Public Utility District. All Board Members were present. Staff present included General Manager/District Secretary Nick Turner, District Counsel Alan Peake, District Engineer JT Gardiner and District Interpreter Mario Sanchez.

## 2. Pledge of Allegiance – Led by President Prado

## 3. Board Member announcements

Director Gonzalez asked the General Manager who in 2012 and 2013 approved the raise of \$3,372 for the Office Manager. The General Manager stated that he would have to look to it but that he assumed it to be the General Manager at the time.

Director Gonzalez asked how much did the District pay for the paint at Well #5. The General Manager stated that the paint applied to the new handrail was provided by the Contractor as part of a capital improvement project. The General Manager stated that he would have to look at the bid to determine how much the paint cost.

Director Gonzalez asked if the District hires someone to paint when painting is needed. The General Manager clarified that that painting of the handrail at Well #5 was part of the capital improvement project. Staff has painted District facilities when painting is needed such as the painting of the piping at Well#13 and the painting of the office. Director Gonzalez stated that he is aware that one of the current employees possesses both a painter and plumber license. Director Gonzalez stated that we can use him as a painter and plumber instead of paying someone else. The General Manager stated that Staff is utilizing this employee for these services.

Director Gonzalez asked if the Wall, Wall and Peake invoice could be placed on the next agenda for discussion. The General Manager clarified that Director Gonzalez was referring to the invoice including in the July Bill Pay Packet.

Director Gonzalez asked the General Manager how much the District paid for the employee appreciation banquet last December. The General Manager stated that the District did not have an employee appreciation banquet last year. The General Manager stated that the last banquet was held in December of 2013, which was Board approved and the amount would need to be gathered from accounting records. Director Gonzalez stated that it was around \$1,700. Director Gonzalez asked how many people attend the banquet. The General Manager stated that he would have to look in the records to determine the cost, that it has been nearly 2 years ago. The General Manager stated that if he was to guess, he would estimate 25 people.

Director Gonzalez stated that several months ago someone was complaining about his iPad

purchase but the Board spends \$2,000 on a dinner. Director Gonzalez stated that when he leaves the Board, someone else would benefit from the iPad purchase.

#### 4. Public Comment

None

#### 5. Staff Reports

A. District Counsel – Nothing Reported

B. District Engineer –Nothing Reported

C. General Manager

- i. LED Streetlights along Main Street from Panama Rd. to DiGiorgio Rd. have been installed by PG&E. PG&E is still finishing up the concrete work.
- ii. Online Payment Option are now being accepted by the District. Customers wishing to pay online should go to [www.lpod.org](http://www.lpod.org), click on the “Payments” tab along the top, then click on “online credit card payments”.
- iii. District water production in June 2015 has decreased by 30% as compared to June 2013. The District has met its conservation standard set by the State of 28% minimum. The gallons/capita/day remains relatively low at 135 GPCD.
- iv. A District employee is resigning as of July 31, 2015. The General Manager stated that he will be hiring a replacement Utility Worker II.

#### 6. Consent Agenda

The General Manager stated that the bank reconciliation for Bank of the West account ending in 697 is not included on the consent agenda. Staff is looking into a problem with this account reconciliation and will bring this back at our next regular meeting for Board approval.

Director Sanchez requested a revision in the June 22, 2015 meeting minutes, page 2, 1<sup>st</sup> paragraph, changing “changing” to “charging”.

**Motion to approve all items on the Consent Agenda subject to the proposed revision.**

First Motion–Director Cruz

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5–0

#### 7. Regular Agenda (6:12pm)

- A. Information Only: Proposed procedure for facilitating District Board Meetings; **District Counsel, Peake**

District Counsel Peake stated that it is continually getting harder and harder for the General Manager to take meeting minutes due to more than one person talking at a time. He stated that a regular agenda item is typically handled as follows (1) the General Manager gives a staff report, (2) the public is allowed the right to comment by speaking at the podium for a maximum of 2 minutes, (3) the Board asks any questions they have of Staff, (4) the Board debates as needed amongst themselves without public interruption and lastly (5) the Board makes a motion and vote. District Counsel offered to help conduct this meeting if needed. He stated that this is how the Kern County Board of Supervisors, City of Bakersfield and all other public agencies conduct their meetings. This will allow the General Manager the ability to take better meeting minutes and will provide everyone with the opportunity to be heard.

**Information Only. No action.**

**B. Report and Possible Minute Action: Consideration and possible approval of Recology's Application for Solid Waste Facility Permit review; General Manager, Nick Turner**

The General Manager stated that Recology was present to request District approval, as the land owner, of Recology's Application for Solid Waste Facility 5-year permit review.

Nicole Proiette, an environmental planner with Recology stated that the composting facility is regulated under a solid waste permit. The regulation requires that every five years, Recology is to submit an application requesting the regulator review their operating permit and produce a report that details what needs to be updated. She stated that Recology has prepared the application and that it is ready to be submitted to the regulatory agency only after being executed by the land owner.

**Motion to approve District execution as the land owner of Recology's Application for Solid Waste Facility 5-year Permit review**

First Motion—Director Cruz

Second Motion—Director Gonzalez

Approved. All in favor. Vote 5–0

**C. Report and Possible Adoption: Discussion regarding possible financing mechanisms for the purchase of a Solar Photovoltaic System, and Possible Adoption of Resolution No. 430 authorizing the submittal of a loan application to the California Energy Commission; General Manager, Nick Turner**

The General Manager stated that Staff has been working with Borrego Solar discussing the possible funding options that the District has for the installation of a solar photovoltaic system at the District's WWTP. He stated that Audrey Copeland from Borrego Solar and Michael Chapin from Conner Energy were present to discuss the funding options with the Board.

Audrey Copeland stated that following approval of the solar project, Borrego has been looking into the available funding options. She stated that one of the funding options is through the California Energy Commission. This funding consists of a 1% loan for a 20 year term. She stated that no other agency is currently in the queue for this funding and

that \$6M is claimed to be available in November or December 2015. Based on this information, Borrego feels that this is potentially one of the best options for the District. Ms. Copeland stated that the application for this funding is completed and ready for submittal following the Board's approval.

Michael Chapin stated that the District has several other options. Mr. Chapin stated that the next type of funding is direct financing from a bank. The benefit of this type of funding is that it can be acquired rather quickly, within 30 to 45 days. Interest rates for this type of loan ranges from 3.26 to 3.75%, which is more than the CEC loan. He stated that they have a term sheet that is currently under review.

Mr. Chapin stated that the third option is a tax exempt municipal bond structure. This type of funding is typically used for very large projects and involves much higher fees. This is expensive financing for this small of a project.

Director Sanchez asked how long the application process is for the CEC loan. Mr. Chapin stated that with the Board's approval of the Resolution No. 430, the application can be submitted as early as Tuesday July 28<sup>th</sup> and typically takes 45 to 60 days for approval. Once the application is submitted, the District is locked into the queue.

Director Sanchez asked if the project is not fully funded, can it be partially funded. Mr. Chapin stated yes.

The General Manager stated that Staff recommends that the Board adopt Resolution No. 430 authorizing the submittal of a funding application to the California Energy Commission (CEC) and also continuing to pursue the tax exempt lease option in the event the CEC loan does not come to fruition.

**Motion to adopt Resolution No. 430 authorizing the submittal of a loan application to the California Energy Commission for 1% low interest financing for the purchase of a 1 megawatt solar photovoltaic system**

First Motion—Director Gonzalez

Second Motion—Director Sanchez

Approved. All in favor. Vote 5-0

**D. Report and Possible Minute Action: Consideration and possible adoption of 2015-2016 Annual Budget; General Manager, Nick Turner**

The General Manager presented the draft budget for 2015-16 FY. He noted that the draft budget was presented to the Board at our last Board meeting. At the Board's request, approval of the draft budget was tabled at the District's last board meeting to allow for public comment.

The General Manager stated that the draft budget was posted on the District's website on June 24<sup>th</sup> at the request of the Board. Minor revisions had been made to the draft budget and subsequently the updated versions were posted to the District's website. He stated that latest version of the proposed annual budget for 2015-2016 fiscal year was included in the agenda packet.

The General Manager stated that Page 1 of the draft budget is a Summary of the Revenues & Expenditure. It lists the "actuals" for FY 2013-14, "projected" for FY 2014-15 and "budgeted" quantities for FY 2015-16. For FY 2015-16, the proposed budget forecasts \$3,446,008 of operating revenue, and \$3,060,569 of operating expenditures. The net difference is \$385,439. This is available for projects and unanticipated maintenance at the Board's discretion.

Most of the revised draft FY 2015-16 budget is similar to that presented at our last regular board meeting. Some of the minor revisions include revenue from Water Sales decreased slightly based on actuals for 2014-15 FY, revenue from connection and capacity fees decrease by \$50,000 due to the uncertainty regarding the commercial connections, revenue from annexations increased by \$10,000 because one of the commercial business that have requested connection will need to be annexed, wages and salaries decreased by \$6,000 as a result of revising the estimate of overtime hours, CalPERS was updated to properly reflect when the arrears were paid, debt repayment was updated based on current debt repayment schedule which was added to the budget for reference, and utility expenses decrease by \$14,000 based on actuals for 14-15 FY.

Page 5 lists the proposed needed capital improvement projects. These did not change from those presented to the Board in June. Projected capital projects for the 2015-16 FY total \$3.65M. Anticipate Grant Revenues for FY 15-16 is approx. \$2.4 million.

The General Manager stated that the Board continues to act with good judgment by setting aside \$1.5 million as an emergency reserve fund. The \$1.5M emergency reserve along with another \$4.8M is now invested in CalTRUST which is anticipated to maximize the return on the District's funds.

Page 2 of the project budget lists the projected available capital as of June 30, 2015, after all the capital projects designated for 2015-16 are complete and excluding the \$1.5 million designated as emergency fund totals \$6,274,327.

The General Manager stated that he feels the proposed budget is fiscally responsible and meets the District's needs.

No public comments received.

Director Gonzalez asked the General Manager to explain the increase in salary from 2014-15 for the Office Manager. The General Manager stated that five of the District's employees have already moved all the way across the salary matrix and are not expected to receive a salary increase this fiscal year unless the Board authorizes an across the board cost of living increase. The General Manager stated that increase in the Office Manager's salary when comparing the 2014 to 2015 salaries could be a result of the 2014 salary being underestimated. The General Manager stated that he is not sure of the reasoning and would have been able to look into this if it would have been brought to his attention previously. The General Manager again stated that five of the District's employee are not slated for a salary increase during the 2015-16 FY.

Director Sanchez stated that there are changes to the format of the budget that he would like to see made to help make it easier to understand. He stated that he would like to see any income that is projected, placed in a separate area of the summary. He stated that there are some items that appear to be missing such as bank fees. The General Manager stated that, although some of the smaller costs may not be itemized, all the District's expenses are included in the summary. The General Manager stated that bank fees and

any other costs can be individually itemized in the summary. The General Manager stated that the expenses are divided into 23 individual expenses items with similar and/or minimal cost items combined. The budget could have as many as 100 expense items. Director Sanchez stated that bank fees are not minimal and should be shown in the budget separately. He stated that the budget should show the detail so that he can tell exactly where the District's money is going. He stated the Board needs to have an understanding as where the District is spending its money. He stated that he recommends beginning to work on the budget 90 days in advance of the June board meeting. He stated that instead of holding a capital projects and finance committee meeting, the Board should have a budget workshop to discuss the budget. He stated that there is lot that the District needs to do to control expenses and to see where the money is going. Director Sanchez stated that the projected water sales for the 15-16 year are expected to decrease by 35% but the expenses are increasing. He stated that we need to control the expenses to stay afloat. He stated that the District has had deficits the last three years and if the District continues on the path, the District will be broke. The General Manager clarified that the net difference between revenues and expenses for the 14-15 FY is a surplus of \$100,000. Therefore the District did not operate with a deficit during the last fiscal year. The General Manager stated that Director Sanchez suggested to him having a mid-year review of the budget. He stated that he supports having this mid-year review.

President Prado asked the General Manager if he received any comments on the budget from the community. The General Manager stated no. President Prado asked if the General Manager received any comments via email. The General Manager stated no.

The General Manager stated that he is open to any ideas that the Board has on how to present the budget. He stated that over the past month, during this review process, not a single comment was received from the public or the Board Members. He stated that this is the format that the Board was presented with the last three years from David Powell, the District's accountant. This format has been previously accepted by the Board and this is why the format was use for this budget. If the Board would like to add items or break it down in more detail or show previous years data, Staff has no issues with this. But Staff has not received any comments from anyone and therefore has not had the opportunity to revise the budget accordingly.

President Prado stated that if she has comments, she asks the General Manager.

Director Sanchez stated that he did discuss with the General Manager his comments on the budget on several occasions. He stated it was a surprise to him that the budget was revised the morning of the board meeting. The General Manager clarified that the budget was not revised the morning of the board meeting. It was revised more than a week before the board meeting and the updated draft budget was posted on the District's website for public review and was provided to all the board members in their board meeting packet.

Director Sanchez stated that he hopes that next year there will be more time to work together to look over the numbers and use a different format so that this budget is clearer and easier to understand. The General Manager stated that he is open to comments on how to improve the budget but that he must receive the comments in order to make those desired changes.

President Prado stated that if any Board Members disagreed or had comments on the budget, they had plenty of time to come speak to the General Manager because the Board postponed approval of the budget.

Director Sanchez stated that the budget was not postponed. Time was provided to the public to review and provided comments. The Board was doing the right thing.

**Motion to approve the adoption of 2015-2016 Annual Budget**

First Motion–Director Cruz

Second Motion–Director Hernandez

Approved. Vote 3-2

- E. Report and Possible Minute Action: Consideration and possible purchase of GapVax vacuuming and jetting truck; **General Manager, Nick Turner**

The General Manager stated that he requested that the item be pulled from the agenda.

**No action. Item pulled from agenda.**

- F. Report and Possible Adoption: Consideration and possible adoption of Resolution No. 431 establishing water conservation standards for commercial agricultural customers; **General Manager, Nick Turner**

The General Manager stated that the District currently has two customers that are considered commercial agriculture customers. The District also has two requests from commercial agricultural businesses for a Will Serve letter. Each of the District's commercial agricultural customers process vegetables, consisting of washing, packaging and cooling. The process of washing vegetables uses a significant amount of water. The State's latest urban water use regulations established a water conservation standard for the District of 28%, which is a significant reduction. Thus far, the community has really done their part to conserve. The District exceeded its conservation standard in May and June 2015, 32 and 30% respectively. Because there are potential fines levied by the State if an Urban Water Supplier doesn't meet their conservation standard, the District must continue doing all it can to encourage conservation.

The State recognizes that some urban water suppliers supply water to commercial agricultural businesses. The State also recognizes that conserving water within a commercial agricultural operation may be difficult if not impossible and could compromise food safety standards. Therefore the State's latest urban water use regulations allow for the deduction of commercial agricultural water use from the District's overall water production before determining total percentage of water conserved. This could potentially be a real benefit to the District when considering the amount of water supplied to commercial agricultural customers and the water that potentially may be supplied to two new commercial agricultural customers in the very near future.

In order to take advantage of this deduction, the State is requiring that the District impose water use reductions, determined locally appropriate by the District, on commercial agriculture customers. Staff has prepared Draft Resolution No. 431 which details the water use reduction measures that are proposed to be implemented for all commercial agricultural water customers to reduce water waste.

Once this Resolution is adopted and the District certifies that Grimmway and Kern Ridge are commercial agricultural water users are defined under Government Code Section 51201 Subdivision (b), the District can begin deducting their water use before determining compliance with the water conservation standard. This is particular important for the District because both Grimmway and Kern Ridge's overall water use has increased when comparing 2015 usage to that during the same month in 2013. Note that although the water use has increased, the water use per ton of crop processed has decreased between 9 to 16%, therefore indicating that conservation is already taking place. This deduction will increase the percentage of water conserved when comparing 2015 usage to that during the same month in 2013.

Staff is recommending the Board consider adopting Resolution No. 431 establishing water conservation measures for commercial agricultural processing customers.

District Counsel stated that the water regulations first implemented by the State Water Board stated that an agency could take this deduction if the commercial agriculture use was at least 20% of that agency's water production. He stated that Staff prepared two separate letters to the State Water Board stating that the proposed deduction as written doesn't work for the District because the District's commercial agriculture use varies from 10 to 30% depending on the month. The District's commercial agriculture use is a significant amount of water. The final water regulations adopted by the State Water Board did not include the 20% minimum. This is important because this is water that the residential customers do not have to make up.

**Motion to approve the adoption of Resolution No. 431 establishing water conservation standards for commercial agricultural customers.**

First Motion—Director Cruz

Second Motion—Director Sanchez

Approved. All in favor. Vote 5-0

- G. Report and Possible Minute Action: Consideration and possible approval of agreement for payment of connection and capacity fees for the development located at 9001 Weedpatch Hwy; General Manager, Nick Turner

Director Sanchez abstains from the discussion as a Board Member because he is part of the Sanchez Family Trust.

The General Manager reported that AECOM reviewed the development plans for 9001 Weedpatch Hwy to determine the connection and capacity fees due. He stated that development plans for all three building were reviewed, each of which has a mens and



womens restroom. The fees calculated for this development, based on the 2013 California Plumbing Code and the District's resolutions, are \$55,966.32. The total fees calculated are slightly lower than that previously calculated. This is because the California Plumbing Code (2013) has been updated since the fees were originally calculated, the Sanchez Family Trust (Developer) has selected to install toilets that use less than 1.6 gallons per flush (GPF) and urinals that use less than 1.0 GPF, and the sewer fixture count is based on "drainage fixture unit valves" in lieu of "water supply fixture units". The Developer is in agreement that \$55,966.32 are the connection and capacity fees due to the District for this development.

The General Manager stated that the Sanchez Family Trust provided a proposal for payment of the fees. The proposal received from the Sanchez Family Trust for Board consideration is as follows: payment of fees for Buildings #1 & #3 (\$37,310.87) within the next 60 days, payment of fees for Building #2 (\$18,655.44) within the next 18 months. The Developer proposed that no interest on these payment will be paid. Also the Developer proposed to document the agreement in writing via a promissory note.

The General Manager stated again that this is the proposal provided by the Sanchez Family Trust for Board consideration. Staff is looking for direction from the other four Board Members on how to proceed with this matter.

District Counsel clarifies that building #2 would not be occupied until the fees for that building are paid.

Petra Villanueva stated that previously the fees were calculated to be \$68,000 and now the fees are \$55,000. Also she stated that if she wants to build something and only occupy part of it, does this mean she only has to pay for the part she is occupying. The General Manager stated that the \$68,000 fees was calculated back in 2010 or 11 and since then, the developer has provided the exact fixtures to be installed. In addition, an updated plumbing code has been issued by the State. He stated that this procedure for calculating fees is the same for every applicant. Petra asked what are the fees that Staff will be implementing. The General Manager stated that this is a proposal received from the developer, not anything that Staff is suggesting or proposing. He stated that Staff is presenting it to the Board to get direction on how to proceed. Petra clarifies her question and asks if fines will be charged to the developer. The General Manager stated that would be something the Board would need to direct Staff to look into.

Daniel Portillo asked if all other businesses that make payments are interest free. He stated that this is not fair to other businesses that pay their fees upfront. The General Manager stated that the proposal presented to the Board is something that came directly from the developer. The General Manager stated that if the Board is interested in charging interest or fees, as suggested, that is something that Board would need to direct Staff to look into. The General Manager stated that since he has been working for the District, he is aware of one new customer that was charged interest but that was a different situation.

Miguel Sanchez stated that when Mr. Portillo was a board member there was a business that paid payments without interest, therefore precedence was set.

Director Hernandez asked District Counsel what is the maximum fee that can be charged to a developer for violating an ordinance. District Counsel stated that there really isn't a percentage for violating an ordinance. He stated that interest could be charged at a maximum rate of 10%. Director Hernandez asked if the Board would have to charge this to someone violating the ordinance. District Counsel stated that it is up to what the Board wants to do. Director Hernandez stated that this situation is a problem. She stated that her recommendation is to charge 10% since construction began for violating the District's ordinance. She stated that we cannot give him another option because if the Board does, the Board will be creating a conflict in the community. For those people that have already paid, it is not fair.

Director Cruz stated that the community is the one that will ask why the Board gave a break to this person. His recommendation is to pay for Buildings #1 & 3 within 30 days and pay interest on Building #2 until it is occupied.

President Prado stated that she contacted several other Districts about how to handle this situation. She asked District Counsel to explain the *Water Transmission Main Policy Statement* and asked if the District can implement this policy for this situation. District Counsel stated that the District will never has another case like this one because the District has in place resolutions addressing the payment of fees. District Counsel stated that everyone agrees that there is a dispute regarding the payment of fees, the validity of the conditional or unconditional will-serve letter. President Prado stated that because this project began during the Cease and Desist, the Board could implement this *Water Transmission Main Policy Statement*. She stated that the Developer needs to pay for this pipeline and legally, the Board can charge interest too. She stated that she would like to know if this policy can be implemented in this case. The General Manager stated that he is not familiar with this policy. District Counsel stated that he is not familiar with this policy either. District Counsel stated that typically a developer is responsible for bringing the pipeline to his project if in fact there is no pipeline to the project and the developer can be reimbursed by other developers that develop and benefit from the pipeline. This is not the situation here. He stated that the pipeline was put in by the District and there was a lawsuit over that pipeline. He stated that there was no requirement of the developer to install this pipeline. The District installed this pipeline.

President Prado stated that she cannot accept payment of the developer's fees. She stated that she is recommending 10% interest be paid by the developer. She stated that the community has invested a lot of money in the pipeline. She stated that she came to the District office and requested copies of all the documents related to the pipeline. She stated that she is reviewing the documents.

Director Gonzalez stated that this makes no sense.

District Counsel suggested forming a committee to discuss how to proceed and the committee could then come back to the full board with a recommendation from the committee.

Director Hernandez stated that for this case, all the Board Members need to be involved.

Director Gonzalez stated that he abstains. Director Cruz asked if there was a reason why he was abstaining. He stated that the Board recommends following the ordinances but when it came to illegal connections, the Board wants to have workshops.

Miguel Sanchez stated that he would be willing to bring the full amount due within 60 days, case closed. This way the Board doesn't have to spend time reviewing the documents and the District can move on. He stated that this issue is becoming a distraction. He stated that he doesn't want to make this personal and he doesn't want it to be a distraction in the community. He stated that this is his proposal.

Director Gonzalez stated that he agrees with Miguel Sanchez' proposal. He is paying. He agrees with what Mr. Sanchez is saying.

Director Cruz suggested that he and Director Hernandez meet to come up with a recommendation.

President Prado set up a committee consisting of Director Cruz and Director Hernandez to discuss this item and develop a recommendation on how to proceed with this matter.

**No motion.**

**H. Report and Possible Minute Action: Consideration and possible approval of an updated Employee Sick Leave Policy; General Manager, Nick Turner**

The General Manager stated that in September 2014, the Governor signed into law AB1522, *Healthy Workplaces, Healthy Families Act of 2014*. AB 1522 provides paid sick leave to eligible employees effective July 1, 2015. AB 1522 states that beginning July 1, 2015, an employee that works for the District for 30 or more days within one year is entitled to paid sick leave days, accrued at a rate of one (1) hour for every 30 hours worked. It states that an employee is entitled to the use of his or her accrued sick leave days beginning on the 90th day of employment, that accrued paid sick days shall carry over to the following year of employment with minimum 48 hours carry over, and that an employee's use of paid sick days may be limited to 24 hours or three days in each year of employment. An employer is not required to provide additional paid sick days if the employer has a paid leave policy or paid time off policy, the employer makes available in amount of leave that may be used for the same purposes under the same conditions detailed in AB 1522, the employer satisfies the accrual, carryover and use requirements, and the employer provides no less than 24 hours or three days of paid sick leave for each year of employment.

AB 1522 provides for the use of paid sick days for the diagnosis, care or treatment of an existing health condition or preventative care of an employee or employee's family member and for an employee who was a victim of domestic violence, sexual assault or stalking.

The General Manager stated that the California Assembly recently passed AB 304 which is meant to be cleanup legislation for AB 1522. The bill is pending in the Senate before being sent to the governor for his signature. This bill would authorize an employer to provide for employee sick leave accrual on the basis other than one (1) hour for every 30 hours worked provided that the accrual is on a regular basis and that an employee will have 24 hours of accrued sick leave available by the 120 calendar day of employment.

The District currently provides 6 days of paid sick leave to its employees at an accrual rate of approx. 1.85 hours per pay period. This equates to approx. 16 hours accrued by the 120<sup>th</sup> calendar day of employment. The District does accrue sick leave on a regular basis, but it does not currently accrue it at a high enough rate to satisfy the requirement of accruing 24 hours of paid sick leave by the 120th calendar day of employment.

There are a couple options available to the District. Option #1 is the "Accrual Method" which would increase the sick leave accrual rate to at least 1 hour for every 30 hours work (5.78 hours/month), accruing the required 24 hours or 3 days within the first 120 calendar days of an employee's first date of employment. Option #2 is the "Front Loading Method" which would provide each employee upfront with the bank of a minimum 24 hours or three days of paid sick leave which would all be available for the employee to use by the completion of the 120 calendar day of employment.

The General Manager stated that the proposed updated employee *Sick Leave Benefits Policy* states that the District will use the "accrual method". The proposed policy would increase the number of accrued paid sick days per year by three (3), limit the accrual of sick time to sixty (60) hours per year, and would set the minimum usage of sick leave at one (1) hour. The proposed policy is in compliance with the minimum requirements of AB 1522.

This policy change should have little to no fiscal impact on the District. When an employee is out of work due to an illness, the District does not have temporary employees that it fills in with during that employee's time of absence. Unlike with some other employers, the District would not incur the costs associated with paying two salaries during that period of time.

Staff recommends the approval of the Updated Sick Leave Benefits Policy to be in compliance with the Law.

Director Hernandez asked if employees receive sick leave based on seniority. The General Manager explained that sick leave accrues for all employee from their date of hire. A new employee is not permitted to use the sick leave until he or she has been with the District for 90 days.

President Prado asked if the District could require an employee to provide a doctor's note after being off for three or more days. The General Manager stated that the language in the policy states 'may request a doctor's note' in lieu of requiring it because many people do not go to the doctor. The General Manager stated that the reality is that a doctor is not always involved.

District Counsel stated that the State is mandating this sick leave legislation.

Director Sanchez stated that the law states that you can use sick leave to take care of your mom or your child and there is no doctor's note to bring.

Director Hernandez requested the Board Members be provided a copy of the assembly bill.

**Motion to approve an updated Employee Sick Leave Policy to be in compliance with AB 1522.**

First Motion–Director Cruz

Second Motion–Director Hernandez

Approved. All in favor. Vote 5-0

- I. Report and Possible Minute Action: Consideration and possible approval of Contract Change No. 8 for the SSMP Sewer Cleaning and Video Inspection Project in the amount of \$31,268.00; **District Engineer, JT Gardiner**

The District Engineer stated that this contract change order is to cover costs associated with extra cleaning that was required to be performed along the District's trunk main located adjacent to the railroad tracks between Panama Rd and DiGiorgio Rd. The Contractor performed the work under force account due to the difficulty in quantifying the amount of work needed to remove the additional debris found in the pipeline.

**Motion to approve Contract Change No. 8 for the SSMP Sewer Cleaning and Video Inspection Project in the amount of \$31,268.00.**

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5-0

- J. Report and Possible Minute Action: Consideration and possible approval to award the Well#18 TCP Treatment System Project to Bowe Contractors, Inc. in the amount of \$527,200; **District Engineer, JT Gardiner**

The District Engineer stated the District opened bids for the Well#18 TCP Treatment System Project. The Board previously approved the purchase of the TCP treatment equipment from Evoqua Water Technology of which is scheduled to be delivered in September. This Capital Project involves the site improvements and the installation of the equipment purchased from Evoqua. The low bid was received from Bowe Construction in the amount of \$527,200. For comparison purposes, the engineer's estimate was \$562,000.

Director Sanchez asked how many bids were received for this project. The District Engineer stated eight bids were received both from inside and outside the County.

**Motion to approve the award of District's Well#18 TCP Treatment System Project to Bowe Contractors, Inc. in the amount of \$527,200**

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5-0

- K. Report and Possible Minute Action: Consideration and possible approval of an engineering fee increase for the preparation of the District’s water system permit amendment for the Water Well #19 Project in the amount of \$7,704.00; District Engineer, JT Gardiner

The District Engineer stated that this is an engineer fees increase to cover AECOM’s costs associated with preparing and submitting the permit application for Well #19. The preparation of the permit application was not included in AECOM’s scope of work.

**Motion to approve an engineering fee increase for the preparation of the District’s water system permit amendment for the Water Well #19 Project in the amount of \$7,704.00**

First Motion–Director Cruz

Second Motion–Director Hernandez

Approved. All in favor. Vote 5-0

- L. Report and Possible Minute Action: Consideration and possible approval of Contract Change No. 7 for the Water Well #19 Project in the amount of \$13,023.10; District Engineer, JT Gardiner

The District Engineer stated that this is a contract change order for the Well #19 project which includes two items. The first item is the cost associated with having to relocate the new water pipeline beneath an old irrigation pipeline. The second item is the cost to remove the abandoned hydropneumatic tank at the Well #12 site. The existing tank is corroded and could not be used elsewhere. The State is expected to approve this change order and cover 80% of the change order cost.

**Motion to approve Contract Change No. 7 for the Water Well #19 Project in the amount of \$13,023.10**

First Motion–Director Cruz

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5-0

- M. Report and Possible Minute Action: Consideration and possible approval of Contract Change No. 8 for the Water Well #19 Project in the amount of \$4,779.00; District Engineer, JT Gardiner

The District Engineer stated that this is a contract change order for the Well#19 project which included 81 additional feet of pipe from that included in the bid. The bid includes a unit price for this change order item. This contract change order is pending DDW approval.

Director Sanchez requested the General Manager provide a timeline of the costs that were projected to be spent on this project.

**Motion to approve of Contract Change No. 8 for the Water Well #19 Project in the amount of \$4,779.00**

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5-0

- N. Report and Possible Minute Action: Consideration and possible approval to update the authorized signers at Community Trust Bank to Leticia Prado, Miguel Sanchez, Jose G. Cruz, Maria Hernandez and Robert Gonzalez; **General Manager, Nick Turner**

**Motion to approve the update of the authorized signers at Community Trust Bank to Leticia Prado, Miguel Sanchez, Jose G. Cruz, Maria Hernandez and Robert Gonzalez**

First Motion–Director Cruz

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5-0

- O. Report and Possible Adoption: Consideration and possible adoption of Resolution No. 432 authorizing the tax deferment of member paid contributions to the California Public Employees Retirement System; **General Manager, Nick Turner**

The General Manager provided the Board Members with a revised draft Resolution No. 432.

The General Manager stated that the District participates in the California Employee Retirement System or CalPERS. Employee or “member” contributions made to CalPERS are tax deferred contributions. CalPERS is requesting that the District adopt a resolution authorizing the tax deferment of member contributions. District Counsel has requested several minor revisions to the Resolution. An updated copy of the resolution was provided to the Board Members.

District Counsel clarifies that the revisions made to the resolution were meant to make it clear that the District does not pay the employee’s portion of the CalPERS contribution.

**Motion to approve the adoption of Resolution No. 432 authorizing the tax deferment of member paid contributions to the California Public Employees Retirement System**

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5-0

**Adjournment (8:10pm)**

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, July 27, 2015 at 6:00 pm.

Approved. All in favor. Vote 5-0.

ATTEST:

x 

Leticia Prado, Board President  
Lamont Public Utility District

x 

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