

# LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Regular Meeting  
Monday, March 28, 2016 6:00 P.M.

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

## 1. Call to Order/Roll Call

Board President Cruz called to order the Regular Board Meeting at 6:03 pm on Monday March 28, 2016, at the office of the Lamont Public Utility District. All Board Members were present.

## 2. Pledge of Allegiance—Lead By President Cruz

## 3. Board Member Announcements

Director Prado announced that Mr. Lopez contacted her and suggested that the Board look at all the General Manager Applications completely and perform all the recruitment procedures correctly. Vice President Prado went on to say that Mr. Lopes was in the audience and she urged him to express his concerns during public comment.

Director Sanchez asked staff if the District used a PO number for purchases. The Interim General Manager stated he has not looked closely at the District's purchasing system, however he does recall POs in a couple of the purchases he has been involved in. Director Sanchez stated that some of the purchases did not have a PO.

Director Sanchez asked if Well 19 was fully functional. The Engineer for the District stated that the Well was fully functional but was not being blended with Well 12 because the arsenic level in Well 19 was at level 10. President Cruz asked what the arsenic level was and why it was not being blended. The District Engineer stated that the maximum toxic level is ten and unless the level in Well 19 drops below that level that blending cannot occur. Director Sanchez asked if we thought the arsenic levels would drop. The District Engineer said he believed when the ground water level raises that a dilution of the arsenic levels would occur and the toxic level would drop.

## 4. Public Comment

Mr. Juan Hernandez got up and said that he was going to apply for the job of the General Manager position, because a dollar that does not stay here is a dollar lost. We need more local workers. He stated he had a Master's in Public Administration. I have my transcripts with me. I have a law degree. I am currently writing my dissertation for my PhD in sociology. He discussed a variety of problems and the fact that he could help. He said he would stop the overtime and save the District \$300,000 in the first year.

David Manriquez addressed the Board and asked if they are going to shut down Well 19, if it exceeds toxic level 10. The Engineer for the District stated yes we would shut down the well if it exceeded level 10. Mr. Manriquez was concern with pressure if the District shut down Well 19 and asked what we would do if we had to shut it down. Our Water System Supervisor explained quarterly testing and how the running rolling annual average testing worked and stated that we would have to notify customers if we exceeded limits after engaging that system. He also went on to explain how our system can handle the pressure issue raised by Mr. Manriquez.

Mr. Manriquez went on to discuss that the School Board wanted to build a new school and they need more money that comes with growth. He invited the LPUD to partner with them and meet and discuss this issue with them.

Director Sanchez asked the Water System Supervisor what the pumping capacity was of Well 19. Mr. Marquez replied it was 2000 gallons per minute. Director Sanchez went on to say that the District can give you a pressure meter for your house free of charge, to monitor pressure.

## 5. Staff Reports

### A. District Counsel

The District Counsel had no report at this time.

### B. District Engineer

The District Engineer had no report at this time.

### C. General Manager

The Interim General Manager gave the Board a status report on the General Manager recruitment process.

## 6. Consent Agenda

### **Motion to approve all items included on the Consent Agenda**

First Motion—Vice President Prado

Second Motion—Director Hernandez

Vote 5-0 Approved

## 7. Regular Agenda

### **A. Report and Possible Minute Action: Approve a request from Brown and Armstrong for an additional Payment of \$21,000 for additional needed work on our annual audit. Interim General Manager, Peter Cosentini**

Interim General Manager gave the staff report outlining the reasons for the additional payment and why it was necessary to close our books. The Interim General Manager recommended the approval of the additional payment.

Director Sanchez stated he hoped that General Manager Turner had participated in the staff meeting concerning the additional audit costs because the Board was never informed of the addition charge. Director Sanchez expressed concern that the audit shows that the policies and procedures were not followed and where was the last General Manager in regards to the checks and balances.

Director Sanchez went on to ask when we are going to fix these problems we see in this audit.

The Interim General Manager explained that his report (Item 7-C) on responding to the audit gets into the future actions necessary to fix the problems.

Director Prado said she was ready to take action to fix this issue.

Director Sanchez went on to express concern on the lack of transparency by the staff and that the auditors were not even made away of the historic missing money.

**Motion was made to pay Brown and Armstrong another \$21,000 for additional audit work.**

First Motion – Director Prado

Second Motion – Director Hernandez

Vote 5-0 Approved

**B. Report and Possible Minute Action: Approval 2014/2015 Annual Audit. Interim General Manager, Peter Cosentini (Special Presentation by Auditor Thomas Young).**

Auditor, Thomas Young, gave a report on the fiscal issues of the audit and a brief over view of the audit findings.

**Motion was made to approve the 2014/2015 Annual Audit by Brown and Armstrong.**

1<sup>st</sup> Motion— Vice President Prado

Second Motion—Director Gonzales

Vote 5-0 Approved.

**C. Report and Possible Minute Action: Report on the 2014/2015 Audit Findings and the Interim General Manager’s Recommends to respond to the Audit Findings in the 2014/2015 Audit Report. Interim General Manager, Peter Cosentini.**

1. The Interim General Manager recommendation to resolve findings 1, 2, 3, 5, 6 and 7 is to have the Board approve the Interim General Manager to start immediately the recruitment for a Finance Director and bring back a job description and salary information for a Finance Director position. If the Board is not supportive of a Finance Director level position, I would recommend the Board approve for the immediate recruitment of the already Board approved salary and job description of the Account/Human Resources position.

The Interim General Manager gave a report on the needed accounting skill set needed in the organization and presented 3 options to correct findings 1,2,3,5,6 and 7. The three options were a Finance Director, Accountant/HR position or Part-Time CPA out of a CPA firm. The Board directed the Interim General Manager to bring back the costs of the three options.

Director Sanchez spoke in favor of approving a Finance Director/HR position and Director Gonzalez agreed. However, Vice President Prado spoke in favor of a part-time CPA like the district had before. President Cruz asked to see the cost of the three options discussed and brought back for the Boards review.

Director Gonzalez ask what was the Interim General Managers recommendation, which was the immediate recruitment of a Finance Director.

**Motion was made to have the Interim General Manager to immediately recruit for a Finance Director**

1<sup>st</sup> Motion – Director Gonzalez

Second Motion – Director Sanchez

Vote 2-3 Motion Failed

Roll call vote was: Gonzalez yes, Prado no, Cruz no, Sanchez yes and Hernandez no.

It was the consensus of the Board to bring back a report that shows the cost of the three options of Finance Director, Accountant/HR position and Part-Time CPA.

2. The Interim General Manager recommends to resolve finding 4 that the Board direct the Interim General Manager to bring back a revision to the District's cash management policy to change it to a higher more realistic cash threshold for when the clerks should do a cash drop into their cash drop boxes.

After a presentation by the Interim General Manager on the audit finding, the problem and the recommended fix the Board made the following motion.

**Motion was made for the Board to direct the Interim General Manager to bring back a revision to the Districts cash management policy to change to a higher more realistic cash threshold for when the clerks should do a cash drop into their cash drop boxes.**

3. I recommend to resolve the six step salary schedule issue in finding 8 the Board direct the Interim General Manager to bring back a six step salary schedule to reflect what is currently being paid District employees and have the Board adopt it in an open public meeting and have it publically posted on the Districts web site.

Director Sanchez stated that the last General Manager's presentation included an increase in salary that over 10 years would have been 25%. Sanchez did not have a problem with a salary schedule that just showed what employees were paid now, without an increase.

**Motion was made to have the Interim General Manager to bring back a six step salary schedule to reflect what is currently being paid District employees and have the Board adopt it in an open public meeting and have it publically posted on the Districts web site.**

1<sup>st</sup> Motion – Sanchez

Second Motion – Gonzalez

Vote – 5-0 Approval

4. I recommend to resolve the excessive overtime without authority issue in finding 8 that 1.) the Interim General Manager review to make sure the staff is following the Districts Rules and Regulations on getting appropriate authorization to engage in overtime; 2.) the Interim General Manager only approve emergency and overtime essential to the proper operation of the District, as determined by the Interim General Manager.

The Interim General Manager stated that the reduction of overtime may have an impact on service to the community and the Board. The Interim General Manager state he did not believe that we could afford to give this higher level of service to the community and the Board with what he has seen in the budget process so far. The Interim General Manager sited falling revenues and a history of overspending. Lamont has a history of over estimating revenues and underestimating expenditures that has caused consistent over spending for the last three years in the range of \$450,000 to \$900,000.

The Manager also noted the option purported by the auditor of looking at your supervisory and management staff and reclassifying their status to exempt employees which are salaried and not hourly and so not eligible for overtime.

If the Board is interested in pursuing this option the Manager recommended it be pursued after the new general manager and the new finance staff is hired to properly assess the skill sets that are then on board so you can divide the labor of the office properly and then determine who has what supervisory and management responsibilities.

**Motion was made to direct the Interim General Manager review to make sure the staff is following the Districts Rules and Regulations on getting appropriate authorization to engage in overtime; 2.) the Interim General Manager only approve emergency and overtime essential to the proper operation of the District, as determined by the Interim General Manager.**

1<sup>st</sup> Motion – Vice President Prado

Second Motion – Director Gonzalez

Vote – 5-0 Approved

5. I recommend to resolve the salary increases without authority and the Board approving certain raises issues in finding 8 that the Board should direct the Interim General Manager to do the following: 1.) advise the Board of all raises including routine administrative step increase raises, in the future; 2.) the Interim General Manager will review the rules and regulations with the Attorney for the District to make sure that staff is currently handling raises in an appropriate way and that the Board is approving all those raises that they should be approving under the law and local regulations; 3.) the Interim General Manager will implement new controls to limit payroll software user rights to change wage rates to only the General Manager.

After an explanation of the issues surrounding this finding the Board made the following motion.

**Motion was made for the Board to direct the Interim General Manager to do the following: 1.) advise the Board of all raises including routine administrative step increase raises, in the future; 2.) the Interim General Manager will review the rules and regulations with the Attorney for the District to make sure that staff is currently handling raises in an appropriate way and that the Board is approving all those raises that they should be approving under the law and local regulations; 3.) the Interim General Manager will implement new controls to limit payroll software user rights to change wage rates to only the General Manager.**

1<sup>st</sup> Motion – Vice President Prado

Second Motion – Director Gonzalez

Vote – 5-0 Approved

6. I recommend to resolve the internal loan and deficit spending issue of the Sewer Fund found in finding 9, that 1.) The Board direct the Interim General Manager to create a loan document, with the assistance of the Attorney for the District, that legally acknowledges the 16 year loan that has existed from the Water fund to the Sewer fund; 2.) The Board direct staff to include in the rate study already under way for the master plan update a component for the Sewer fund to pay back the Water Fund for the loan of \$1.24 million.

After a discussion of the issues surrounding this finding the Board made the following motion.

**Motion was made for the Board to direct the Manager to 1.) Create a loan document, with the assistance of the Attorney for the District, that legally acknowledges the 16 year loan that has existed from the Water fund to the Sewer fund; 2.) The Board direct staff to include in the rate study already under way for the master plan update a component for the Sewer fund to pay back the Water Fund for the loan of \$1.24 million.**

1<sup>st</sup> Motion – Director Sanchez

Second Motion – Vice President Prado

Vote – 5-0 Approved

- D. Report and Possible Minute Action: Approval of a request by the Interim General Manager to move the Regular Meeting of Monday May 23, 2016 at 6:00 pm to Wednesday May 25, 2016 at 6:00 pm. **Interim General Manager, Peter Cosentini**

The Interim General Manager explained the reason for the request to change the regular meeting date was so he could attend his daughter's college graduation and not miss the May Board Meeting.

**Motion was made to move the date for the regular Board Meeting of Monday, May 23, 2016 at 6:00 pm to Thursday, May 26, 2016 at 6:00 pm.**

1<sup>st</sup> Motion – Director Gonzalez

Second Motion – Director Hernandez

Vote – 5-0 Approved

- E. Report and Possible Minute Action: Consideration and possible approval of Engineering Services for Design & Construction Management for Sludge Removal from Aeration Lagoon No.1. For \$43,917. **District Engineer, J.T. Gardiner**

The District Engineer explained that we are required by law to remove our sludge from our ponds after a certain length of time and after the sledge gets to a certain level. Director Sanchez recommended we wait 90 days for our new budget to see where the District was with its finances. Mr. Marquez, our Interim WWTP Supervisor, and the Interim General Manager advised that we have hit the statutory limit in both of the areas of depth of sludge and time between dredging and expressed concern with waiting any longer.

**Motion was made approving of Engineering Services for Design & Construction Management for Sludge Removal from Aeration Lagoon No.1. for \$43,917.**

1<sup>st</sup> Motion – Vice President Prado

Second Motion – Director Hernandez

Roll Call Vote: Director Gonzalez No, Vice President Prado Yes, President Cruz Yes,

Director Sanchez No and Director Hernandez Yes.

Vote 3-2 Approval

- F. Report and Possible Minute Action: Authorize the Interim General Manager to retain the Law Firm of Liebert Cassidy and Whitmore to conduct a work place violence and harassment investigation and appropriate \$10,000 for the investigation. **Interim General Manager, Peter Cosentini**

Director Sanchez recommended we shop locally to give the work to a local firm. Director Gonzalez echoed the same concern and thought we could get it for cheaper locally. Vice President Prado suggest the Labor Commission for help. The Attorney for the District confirmed that this was the Districts responsibility to do the investigation. He also reiterated the Managers recommendation to go to an outside firm for the investigation. Vice President Prado also wanted to look for another firm and look closer to home.

**Motion was made to authorize the Interim General Manager to engage a firm locally to do the investigation and authorized a budget of \$7,000.**

1<sup>st</sup> Motion – Director Sanchez



Second Motion – Director Gonzalez

Vote – 5-0 Approved

G. Report and Possible Minute Action: Consideration and possible approval of Ethics and Brown Act Training for the Board and certain staff members and an appropriation of \$681 for said training. Interim General Manager, Peter Cosentini, presented the information the staff found on the cost for ethics and brown act training. Director Sanchez recommended the Board members go to the Attorney General's web site to get the training for free, like he did. It was the consensus of the Board to do just that. The staff will pass onto the Board members the details of where to go to get the free training.

H. Report and Possible Minute Action: Consideration, Creation and the Selection of the Members of a Board approved Citizens'/Stockholders' Interview panel for the Permanent General Manager Position. **Interim General Manager, Peter Cosentini**

Interim General Manager presented the concept of the Citizen/Stakeholders Interview Panel for the General Manager interviews to the Board.

**Motion was made to have each Board member select a representative to the Citizen/Stockholders Interview Panel for the General Manager interviews.**

1<sup>st</sup> Motion – Vice President Prado

Second Motion – President Cruz

Vote 5-0 Approval

Director Sanchez appointed Pattie Poire of Greenway Farms and President Cruz appointed David Manriquez of the Lamont School Board.

I. Board Member Request for Discussion and Possible Action: Vice President Prado requested that I put on for board consideration having verbatim minutes done of the Board Meetings. Mr. Mario Sanchez sent the Interim General Manager information saying the service starts at a dollar a minute. If the Board is interested they should direct staff to come back with a more complete report.  
**Vice President Prado**

After a lengthy discussion it was determined that the Vice President was fine with the current practice of coming into the General Manager for any edits to the minutes and she did not want to suggest the Board go to word for word transcribing of our meetings. The Interim General Manager misunderstood the Vice President's request and apologized for the misunderstanding.

- J. Board Member Request for Discussion and Possible Action: Vice President Prado requested that I place on the agenda her request to have the staff report on Plan B translated into Spanish. **Vice President Prado.**

After a discussion about the need to have Plan B transcribed into Spanish, the Board made the following motion.

**Motion was made to give the Plan B document to Mr. Mario Sanchez to get an estimate of the cost of translating it to Spanish.**

1<sup>st</sup> Motion – Vice President Prado

Second Motion – Director Sanchez

Vote 5-0 Approval

- K. Board Member Request for Discussion Only: Board member Hernandez suggests that the Board give interview opportunities for the permanent General Manager position to candidates who may not have experience. **Director Hernandez**

Director Hernandez, on behalf of members in the community suggested to the Board consider giving interviewing opportunities to candidates that do not have Water and Sewer Public Utility District experience. The Attorney for the District and the General Manager assured the Board that this is their process and they are in charge of it. They have the right to interview anyone they want and they will see all the applicants. A discussion was then had about the pros and cons of having experience and who should be interviewed and why. This item was discussion only. No action was taken.

- L. Board Member Request for Discussion Only: Vice President Prado requested that the complaint petition against McDonalds for watering their parking lot be placed on the agenda for discussion. Vice President Prado.

Vice President Prado thanked the lady who brought the complaint and petition to the District against McDonalds for their water violations. Then Vice President Prado talked about the need to have a proper format for petitions and complaints to make sure the

Board know exactly who is signing the complaint and where they live and what the complaint/petition is about. This was discussion only and no action was taken.

**8. Closed Session**

A. Potential initiation of litigation; Government Code §54956.9 (d)4, 1 case

The Attorney for the District withdrew the close session item.

**9. Open Session**

**Adjournment**

Motion to adjourn the Regular Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Monday March 28, 2016 at 6:00 pm was made at 8:52 pm.

1<sup>st</sup> Motion – Director Sanchez

Second Motion – Director Gonzalez

Vote 5-0 Approval

ATTEST:

x \_\_\_\_\_  
Jose G Cruz, Board President  
Lamont Public Utility District

x \_\_\_\_\_  
Peter Cosentini, Board Secretary/Interim General Manager  
Lamont Public Utility District