

# LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Monday, March 30, 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 meeting at 6:03 pm on Monday, March 30, 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, and District Interpreter Mario Sanchez.

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

## 3. Board Member announcements

Director Prado thanked the General Manager for assisting with the interviews with the news stations regarding Recology taking over the composting operation.

Director Sanchez thanked everyone for attending the meeting and he thanked the General Manager for the weekly status report that he is now providing to the Board Members. Director Sanchez also shared with the rest of the Board and Staff an email he received from California Endowment regarding the Endowment's offer to provide an independent review of the District's Plan B for effluent disposal.

Director Sanchez asked that "turn ons" and "turn offs" be added to the agenda.

## 4. Public Comment

No public comments.

## 5. Staff Reports

A. District Counsel – Nothing Reported

B. District Engineer – Nothing Reported

C. General Manager

- i. Free Training thru RCAC – RCAC offers free training for Staff and Board Members. Once a month, RCAC offers training meant specifically for Board Members. Some of the Board trainings being offered include *Board Basics: Capital Improvement Planning* on April 7<sup>th</sup>, *Board Basics: Financial Management* on May 5<sup>th</sup>, and *Board Basics: Rate Setting* on June 2<sup>nd</sup>.

- ii. Will Serves issued for the Month – a new house located at 7904 Harold Street which will replace a house that previously burned down.

- iii. Monthly Update on Water Use Restrictions – Water use in February 2015 increased as compared to February 2013. (approx. a 2% increase). The gallons/capita/day remains very low at 87.89 GPCD. The State has implemented additional water use restrictions which will be discussed in Regular Agenda Item M.

## 6. Committee Meeting Reports

- A. Capital Projects Committee - The General Manager reported that the Capital Projects Committee met this month to tour the Well #13 site for the purpose of determining the need for improvements to the tank ladder. The committee stated that they will make their report during Regular Agenda Item C.
- B. Finance Committee – The General Manager reported that the Finance Committee met this month for a discussion on CalTrust and to have a conference call with CalTrust representatives. The committee stated that they will make their report during Regular Agenda Item B.

## 7. Consent Agenda

The General Manager noted the addition of Payment #2 and #3 to Evoqua for the purchase of equipment to be installed as part of the TCP treatment at Well #18. The Terms of Payment in our Contract with Evoqua specify 20% of the cost is due at the time the drawings are submitted and 25% at the time of release for fabrication.

The General Manager also pointed out the University of La Verne contract, which is new to the Consent Agenda, would provide a financial benefit to employees at no cost to the District. By allowing the University to distribute literature about the University to District employees, those that choose to enroll will receive a substantial decrease in the cost of tuition.

Mr. Cruz requested that Consent Agenda Item #7Eii. be pulled and a separate motion be made due to the location of his property to this project.

### **Motion to approve all items on the Consent Agenda excluding Item 7Eii.**

First Motion–Director Sanchez

Second Motion–Director Gonzales

Approved. All in favor. Vote 5–0

### **Motion to approve Consent Agenda Item #7Eii.**

First Motion–Director Gonzalez

Second Motion–Director Sanchez

Approved. Vote 4–0, Director Cruz abstained.

## 8. Regular Agenda

- A. Report and Possible Minute Action: Presentations by jetting/vacuuming truck manufacturers; General Manager, Nick Turner

The General Manager reported that the District is in need of a jetting and vacuuming truck for maintenance of our sewer collection system. Four jetting and vacuuming truck representatives were present at the meeting to share with the Board information about the equipment they offer. Those manufacturers included Camel, Vac-Con, Vactor, and GapVax.

The different equipment representatives shared with the Board information about their equipment and the advantages their equipment has over their competitors. The Board and Staff asked questions of each of the representatives.

District Counsel reported that the purchase of a jetting/vacuuming truck will have to be put out to bid.

Staff proposed to bring back more information at the next board meeting.

**Information Only. No Motion**

**B. Report and Possible Minute Action: Consideration and approval of CalTRUST agreement for investment of District funds; General Manager, Nick Turner**

The General Manager reported that CalTRUST is a mechanism used by many local agencies to pool their assets for investment purposes. Currently the District invests \$1.3M in LAIF. LAIF offers one account option which is currently yielding is 0.27%. With CalTRUST, local agencies have three account options; (1) Money Market, (2) Short-Term, or (3) Medium-Term accounts. CalTRUST's account option, most similar to LAIF is the short term fund. The short term fund has a current yield of 0.44% (63% increase over LAIF). The long term fund has a current yield of 0.76% (181% increase over LAIF). All of the available accounts offered by CalTRUST allow transactions at a frequency that meets the needs of the District. All accounts held with CalTRUST comply with the limits and restrictions placed on local investments by California statutes.

The General Manager reported that on March 13th, the finance committee met with CalTRUST representatives to discuss further the possibility of investing District funds in CalTRUST.

Mr. Sanchez stated that if the District utilizes the medium term funds and aligns the capital projects with the money that the District presently has, the District can earn a substantial amount of money each year.

Mr. Sanchez suggested keeping \$1,500,000 in the medium term fund as an emergency fund.

**Motion to approve the execution of the CalTRUST agreement for the investment of \$1,500,000 of District funds, currently held in LAIF, in a CalTRUST medium term fund, and the investment of \$4,800,000 of the TCP settlement funds in a CalTRUST short term fund.**

First Motion—Director Gonzalez

Second Motion—Director Sanchez

Approved. All in favor. Vote 5-0

- C. Report and Possible Minute Action: Consideration and approval of quote received from Accelerated Environmental Services for improvements to tank safety at the Well #13 site in the amount of \$12,476.16; General Manager, Nick Turner

The General Manager stated that the Board discussed this item during the District's January 26, 2015 board meeting and again during its February 23, 2015 board meeting. Staff is proposing the installation of several safety features on the Well# 13 Tank. These improvements include a Fall Protection Safety Climb be added to the existing tank ladder, Handrail and Kick Plate be added to a portion of the top edge of the tank around the ladder, and a Ladder Enclosure with Wire Mesh to help prevent unauthorized individuals from accessing the ladder or the top of the tank.

Over the last month, the General Manager has taken several Board Members to the well sites to see the improvements that are being recommended for the tank at the Well #13 site.

In addition, a Capital Projects Committee meeting was held on March 11<sup>th</sup> to tour the tank sites and witness firsthand the need for the recommended improvements.

The original quote obtain from Superior Tank to furnish and install the safety enhancements was in the amount of \$12,986.00. A second quote was obtained from Accelerated Environmental Services (AES) in the amount of \$12,476.16.

Because the safety of District Staff is a top priority, Staff recommended approving the quote received from Accelerated Environmental Services for the work.

Mr. Cruz stated that the Capital Projects Committee met to witness the newly installed equipment at the Well #5 tank site. He stated that he climbed to the top of the tank and that he really felt safe. He stated that he is in favor of purchasing these safety features for all the tank sites that are in need of safety improvements.

Mr. Sanchez stated that the District needs to be proactive and install the necessary safety features at all of the District's tanks. He stated that his problem with this work is that there are quite a few items that the District could perform in-house. Performing more work in house will be more efficient.

Mr. Cruz stated that he supports having the work performed by one company. Safety is number one.

**Motion to approve the quote received from Accelerated Environmental Services to furnish and install safety enhancement to the tank at the Well #13 site in the amount of \$12,476.16**

First Motion–Director Cruz

Second Motion–Director Hernandez

Approved. Vote 3–2

- D. Report and Possible Minute Action: Consideration and approval of a scope and budget received from McFaddin Endangered Species Assessments to prepare an Annual Report to US Department of Fish and Wildlife in accordance with the District's Habitat Conservation Plan for District parcel APN 185-350-55, in the amount of \$3,206; General Manager, Nick Turner.

The General Manager stated that the District has a Habitat Conservation Plan in place on the District's 160 acres of fallow ground, APN 185-350-55. This HCP was put into place on the property in 2004. The purpose of the HCP is to help the long term existence of the species and to contribute to the recovery of the endangered species by reducing incidental take. The HCP requires that the District implement take avoidance measures to minimize the incidental take of the endangered species. One of the take avoidance mitigation measures is the requirement to prepare and submit an annual status report on the District's implementation of mitigation measures including all available information about project related take during the preceding year. This annual report is due no later than February 28th of each year. According to USFWS, the only annual reports submitted by the District to USFWS have been for calendar years 2006 and 2007. The submittal of these annual report are required for a period of 50 years, or until 2055. Staff has spoken with both USFWS and CDFG regarding the District's current "out of compliance" status with the HCP. According to USFWS, the District must prepare and submit an annual report covering the period 2008 through 2014 in order to bring the District back into compliance with its HCP and then submit an annual report each subsequent year. The annual report must be prepared by a licensed biologist. The report basically provides an update as to the District's implementation of its mitigation measures on the property including all information on project related take during the reporting period.

Staff obtained two quotes to prepare the required annual report in accordance with the District's HCP covering the period 2008 through 2014. McFadden Endangered Species Assessments proposed a fee of \$3,206.00 to prepare the referenced annual report. M.H. Wolfe proposed a fee for of \$4,197.50.

Staff recommended proceeding with McFadden Endangered Species Assessments and having the annual report prepared, which will bring the District back into full compliance with its HCP. In additional, Staff recommended entering into a long term agreement with McFadden Endangered Species Assessments to prepare the annual report for subsequent years in the amount of \$2,810/yr.

**Motion to approve the quote received from McFadden Endangered Species Assessments to prepare the 2008-2014 annual report to bring the District into full compliance with its HCP for the amount of \$ 3,206.00 and to execute an agreement with McFadden Endangered Species Assessments to prepare the annual report for subsequent years in the amount of \$2,810/yr.**

First Motion—Director Sanchez

Second Motion—Director Cruz

Approved. All in favor. Vote 5–0

- E. Report and Possible Minute Action: Consideration and approval of a scope and budget received from McFaddin Endangered Species Assessments to perform a preconstruction survey and the possible trapping and relocating of endangered species found on parcel APN 185-350-55 prior to beginning the implementation of Plan B for effluent disposal; General Manager, Nick Turner

The General Manager stated that one of the take avoidance measures included in the District's Habitat Conservation Plan requires that the District perform a pre-construction biological survey prior to any ground disturbing activities. If no signs of endangered species are found, construction can begin.

If signs of Tipton Kangaroo Rat or San Joaquin Kit Fox or any other endangered species are found to be present on the property, USFWS will be contacted and they will make the determination whether or not trapping and relocating is required.

Before the Plan B remediation work can begin, the required preconstruction biological survey must be performed, and if required, the endangered species will be trapped and relocated. It is important to note that construction must begin within 30 days of completing the pre-construction biological survey.

Staff obtained two quotes to perform the required preconstruction biological survey. McFadden Endangered Species Assessments proposed a fee of \$1,792 to perform the required preconstruction biological survey. M.H. Wolfe proposed a fee of \$6,221.50. If endangered species are found to be present, both biologists will have additional costs to trap the animals and to relocate them.

Staff recommended entering into a contract with McFadden Endangered Species Assessments and proceeding with the required preconstruction biological survey as soon as Recology is prepared to begin work on Plan B.

**Motion to approve the quote received from McFadden Endangered Species Assessments to perform a preconstruction biological survey on the District's 160 acres of fallow ground (APN 185-350-55) in the amount of \$1,792.**

First Motion—Director Cruz

Second Motion—Director Sanchez

Approved. All in favor. Vote 5–0

- F. Report and Possible Minute Action: Consideration and approval of Consultant Agreement with Growing Soils to provide the expert oversight by a soil scientist of the implementation of Plan B for effluent disposal; **General Manager, Nick Turner**

The General Manager reported that he presented to the Board at the District's last board meeting a proposed scope and budget from Gary Kitzrow of Growing Soils to provide the expert oversight necessary to facilitate the land remediation process as part of the District's Plan B for effluent disposal. Mr. Kitzrow is the licensed soil scientist/soil classifier that

prepared the Site Suitability Analysis while working for BeneTerra. The General Manager stated that Mr. Kitzrow was a big help during the lease negotiations process with Recology. He provided information and recommendations to Staff on several of the terms of the lease. He is very knowledgeable about the parcel and its needs.

Mr. Kitzrow split from BeneTerra some time ago and now owns his own company called Growing Soils. Staff recommended that Mr. Kitzrow be responsible for providing the oversight and direction of all work performed by Recology during the land remediation process.

At the Board's request, Staff contacted Adam Zimmer from BeneTerra on four different occasions during March, 2015, to determine if BeneTerra had qualified staff to perform this work and if BeneTerra would be interested in submitting a proposal for this work. Staff received email correspondence from Mr. Zimmer's secretary stating that BeneTerra is currently under-staffed and is not interested in submitting a proposal for the work.

A proposed *Agreement for Services* with Growing Soils was prepared and was included in the board meeting agenda packet. The proposed budget received from Growing Soils for the first year of contract work was in the amount of \$74,160 to be paid on monthly installments of \$6180/month. Growing Soils budget includes all costs including lab fees.

Staff recommended approving the scope and budget received from Growing Soils for the first year of contract work in the amount of \$74,160 and the execution of the *Agreement for Services* with BeneTerra. A Notice to Proceed would be issued before Growing Soils begins work.

**Motion to approve the scope and budget received from Growing Soils for the first year of contract work in the amount of \$74,160 and execute the Agreement for Services with Growing Soils.**

First Motion—Director Sanchez

Second Motion—Director Gonzales

Approved. All in favor. Vote 5–0

**G. Information Only: Consideration and approval to solicit proposals for audit preparation services for fiscal year ending June 30, 2015; General Manager, Nick Turner**

The General Manager reported that it is time to begin preparing for the June 30, 2015 audit preparation. He asked if the Board is interested in utilizing the District's current auditor to prepare the June 30, 2015 audit or if the Board is interested in issuing an RFP for auditing services.

The Board requested that staff issue an RFP for auditing services for year ending June 30, 2015.

**No Motion. Information Only**

H. Report and Possible Minute Action: Possible upgrade of ipads for Board Members;  
**General Manager, Nick Turner**

The General Manager stated that the ipad Air 2 with Wi-Fi and cellular capabilities costs \$629 each, whether through Best Buy, AT&T or The Apple Store. A data plan through AT&T for the five ipads, which includes a 10 GB shared data plan is \$110 per month. The only store offering any type of rebate for trading in the old ipads is Apple but Staff is not sure what the rebate consists of.

Mr. Cruz asked what the overall cost is. The General Manager stated that it would be approx. \$3,145 plus tax and the \$100/month service plan. He stated that he doesn't feel that the Board Members will use the services and that the money should be used elsewhere.

Mr. Sanchez stated that it is the 21<sup>st</sup> century. This is a tool that the Board Members need. It is not a luxury, it is a need. Having these tools will simplify things for Board Members and Staff.

The General Manager confirmed with the Board that each Board Member has Wi-Fi at their place of residence. Therefore the existing ipads are capable of accessing the District's website without having cellular capable ipads.

Mr. Sanchez stated that not having cellular capable ipads limits the Board Members use of the ipads.

**Motion to approve the upgrade of the Board Member's Ipads to Ipad Air 2 with WiFi and cellular capabilities for approx. \$3,400**

First Motion—Director Sanchez

Second Motion—Director Gonzalez

Approved. Vote 3 – 1, 1-abstained

I. Report and Possible Minute Action: Consideration and approval to file the Notice of Completion for the Well#13 Site Improvements Project; **District Engineer, JT Gardiner**

**Motion to approve the filing the Notice of Completion for the Well#13 Site Improvements Project**

First Motion—Director Sanchez

Second Motion—Director Cruz

Approved. All in favor. Vote 5-0



- J. Report and Possible Minute Action: Consideration and approval to file the Notice of Completion for the Well#5 Emergency Generator Project; **District Engineer, JT Gardiner**

**Motion to approve the filing the Notice of Completion for the Well#5 Emergency Generator Project**

First Motion–Director Gonzalez

Second Motion–Director Sanchez

Approved. All in favor. Vote 5-0

- K. Report and Possible Minute Action: Consideration and approval to file the Notice of Completion for the Bernard Ave. & Palm Ave. Waterline Relocation and Valve Installation Project; **District Engineer, JT Gardiner**

Director Cruz abstained from the discussion due to the location of his property in relation to the project location.

**Motion to approve the filing the Notice of Completion for the Bernard Ave. & Palm Ave. Waterline Relocation and Valve Installation Project**

First Motion–Director Gonzalez

Second Motion–Director Sanchez

Approved. All in favor. Vote 4-0, 1-abstained

- L. Report and Possible Minute Action: Consideration of changing Banking Institutions; General Manager, Nick Turner

The General Manager reported that during a recent Finance Committee meeting, the committee members enquired with Wells Fargo representatives about the banking services that Wells Fargo provides including banking fees. This is because the District's fees with Bank of the West seem high when considering the amount of District funds kept with Bank of the West. Currently the District is paying approx. \$1,100/month with Bank of the West and this is likely going to increase when money is transferred to CalTRUST due to a decrease in the earnings credits. Wells Fargo estimates the District's banking fees to be approx. \$600/month after earnings credits are applied and this estimate takes into consideration that the District's balances will be reduced when money to transferred to CalTRUST. According to Donna Gonzalez, Wells Fargo representative, if the District had the same balance in Wells Fargo that it currently has at Bank of the West, the District's banking fees would be zero.

The General Manager reported that it is clear that there is money to be saved by changing banks. The General Manager recommended that, if the Board is interested in changing banks, Staff will contact 2 or 3 other banks to compare the banking services offered.

This information will then be brought back to the Board for further discussion.

Mr. Sanchez stated that he agrees with the recommendation to check with other banking institutions and to bring information back to the Board.

**No Action. Information Only.**

- M. Report and Possible Adoption: Update on new groundwater use restrictions issued by the State and consideration and adoption of Resolution No. 428 establishing a schedule for irrigation of residential and commercial landscaping; General Manager, Nick Turner

On July 15, 2014, the State Water Resources Control Board (SWRCB) adopted California Code of Regulations Title 23 as emergency regulations. These regulations contained certain requirements for Urban Water Suppliers that included, but was not limited to, the implementation of the stage of the District's Water Shortage Contingency Plan that imposes a mandatory restriction on outdoor irrigation of ornamental landscaping or turf with potable water. On August 25, 2014 the District's Board of Directors implemented Stage 2 of its Water Shortage Contingency Plan which, among other restrictions, limited outdoor irrigation only to certain times of the day. It also restricted inefficient irrigation of landscaping that results in overspray or run off.

Because the drought in California is continuing, on March 17, 2015 the SWRCB adopted expanded emergency regulations to safeguard the State's remaining urban water supplies. These expanded emergency regulations include a number of additional urban water use restrictions. Of the new regulations, only one additional water use restriction is not already included in Stage 2 of the District's Water Shortage Contingency Plan. The additional restriction require mandatory restrictions limiting the number of days per week that outdoor irrigation of ornamental landscaping or turf with potable water is allowed. Stage 2 of the District's Water Shortage Contingency Plan already complies with the additional emergency regulations except that the Board must assign the days of the week when irrigation of landscaping is allowed. Staff proposed that the Board assign Tuesdays, Thursdays, Saturdays and Sundays as those days of the week when irrigation of outdoor landscaping is allowed.

Upon the Board's designation of the particular days of the week when irrigation of outdoor landscaping is allowed, Staff proposed to notify the District's customers via an updated water restriction notification mailer. Draft Resolution 428 included will formally assigns the days when irrigation of outdoor landscaping is allowed.

Director Gonzalez asked if Staff will be sending out flyers to notify the community. The General Manager states that staff proposes to notify the District's customers via an updated water restriction notification mailer.

District Counsel stated that the District is looking at beginning implementation of the new restrictions to be in compliance with the State requirements on May 4<sup>th</sup>.

President Prado requested that the updated restrictions be placed in the Lamont Reporter and agreed that one flyer would be sufficient.

Mr. Sanchez asked if there is a way to identify the high water users. The high users would be a good place to start attempting conservation.

**Motion to approve the adoption of Resolution No. 428 prohibiting irrigation of outdoor landscaping on Mondays, Wednesdays and Fridays.**

First Motion–Director Gonzalez

Second Motion–Director Sanchez

Approved. All in favor. Vote 4-0, 1-abstained

**N. Report and Possible Minute Action: Consideration and approval to have a forensic audit of the District conducted; Board Member, Miguel Sanchez**

Director Sanchez asked counsel to explain what a forensic audit is.

District Counsel stated that a forensic audit is an overall review of the District, from A to Z.

Director Sanchez stated that it is a detailed analysis of the District financial wellbeing. Director Sanchez stated that his proposal is something that should have been performed a long time ago. There are a lot of unanswered questions that need to be addressed once and for all. He stated that it is time to perform a forensic audit.

District Counsel proposed that Staff provide to the Board a list of the work performed to date. In addition, Staff could look into the potential costs associated with a forensic audit and provide a list of auditing firms that perform forensic audits.

Director Sanchez stated that he is looking at have this forensic audit performed on the past five years.

Director Hernandez asked Director Sanchez what is the reason he is requesting a forensic audit considering the District has already spent a lot of money on annual audits.

Director Cruz asked if Daniels, Phillips, Vaughn and Bock, our current auditors, are certified. The General Manager stated absolutely.

Director Sanchez stated that he wants to bring in a different company to perform a forensic analysis. An audit is not a forensic analysis.

Director Cruz asked Director Sanchez how much a forensic audit costs.

Director Sanchez stated \$100,000...\$150,000.

Director Prado asked if it is necessary to perform a forensic audit back five years. She stated that the District needs a forensic auditor to come explain the process to the Board.

Director Sanchez stated that his objective tonight is to start the process.

Director Prado stated that the Board has given Staff direction to bring back information on a potential forensic audit and future discussion.

Director Sanchez stated that he wants to be clear, that this is not his own personal agenda. His concern is that over the past four or five years, the District has faced countless problems, specifically financial problems, and this is something that the Community needs. This will bring credibility to the District.

Director Prado stated that the Board needs the information before the Board can approve anything.

Director Sanchez also recommended that, based on the audit reports, having a financial committee meeting.


**No motion. Staff will bring back information to the Board.**

**Adjournment (8:40pm)**

A motion was made by Director Cruz and seconded by Director Gonzalez to adjourn the Regular Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Monday, March 30, 2015 at 6:00 pm. Approved. All in favor. Vote 5-0.

ATTEST:

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Leticia Prado, Board President  
Lamont Public Utility District

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