

LAMONT PUBLIC UTILITY DISTRICT SPECIAL MEETING MINUTES

Wednesday, May 20, 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 special meeting at 6:02pm on Thursday, May 20, 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

None.

4. Public Comment

Daniel Portillo- Questioned the Board about the upgrade of only two of the District's ipads. He questioned if they were bad or if there was something wrong with them. Director Cruz stated that he is really satisfied with his ipad and that it serves its purpose. Mr. Portillo stated that he feels the upgrade was a waste of public money.

Juan Lopez- Stated that has performed several investigations of his own and he stated that he has lawyers. He stated that Traci White, the office manager, has entered people's homes and threatened the owners of the properties, telling them that they are going to be in serious trouble. He stated that at least three people have lost their homes because of these types of problems. He stated that a restructuring is important. He stated that many people in the community are waiting for the restructuring.

Director Gonzalez stated he wanted to attest to what Mr. Lopez said. He has the dates at home when this lady went into his house with a worker to see if he was building illegally. He stated that he did not know this discussion was going to take place here otherwise he would have brought the documents with the dates that she came on to his property telling me that he was building illegally. Director Prado asked Mr. Lopez to provide copies of his letters and provide them to the General Manager. Mr. Lopez questioned whether or not the attorney was protecting Ms. White. Director Prado stated to provide her with the documentation. She stated that Mr. Lopez has come to a couple of meetings with this complaint but that the District needs proof. She again asked Mr. Lopez for the proof.

Director Cruz asked if a member of the public was recording the meeting. Mr. Cruz asked District Counsel if the gentleman was allowed to record the meeting. District Counsel stated yes as long as it is not interfering with the rest of the meeting.

Jose L. Muralles- Stated the need for additional lighting on Williams Ave at mid-block and on Segrue Road. He also pointed out a light on Segrue Road that flickers. Mr. Muralles stated that

the gardeners mow and blow off the sidewalk around the office while kids are walking by on their way to school.

Juana (Resident from Reynolds Tract) – Asked if the District has the intention of installing sewer service within the Reynolds Tract. The General Manager stated that there is no intention at this time of installing sewer service for the Reynolds Tract because of the cost that would be required of those that would benefit from the sewer service. She requested that the customers living in the Reynolds Tract be provided with an estimate of the cost to be provided with sewer.

Director Sanchez attested to the comments made by Mr. Lopez regarding the threats and harassment by Ms. White to several people in the community. He stated that he was one of those people in the community in 2012 when he was doing the highway improvements in front of his development. He stated that she threatened the contractor and the Caltrans inspector. He stated that she had no right because the District doesn't own the highway. He stated that she was complaining about the piece of asphalt that they removed and he paved the whole section of the road. He stated that he attests to that and probably a whole lot more.

5. Staff Reports

A. District Counsel – Nothing Reported

B. District Engineer –Nothing Reported

C. General Manager

i. Additional Street lighting on existing poles

Staff received word from PG&E that the District's three applications for the installation of 30 street lights to be installed on existing poles have been approved by PG&E. Seven lights were removed from the list because these locations required infrastructure that would have added cost to the District. Of those lights submitted, a total of 23 new lights will be installed at no cost to the District. All \$6,000 paid to PG&E in the form of a deposit is being refunded to the District.

ii. Will Serves issued for the Month

Pending Will Serve for a Commercial Ag Facility located at 13649 Weedpatch Hwy.

iii. Water Use Restrictions

Water use in April 2015 decrease by 13.24% as compared to April 2013. The General Manager noted that the limitations on irrigation of outdoor landscaping took effect May 4th and therefore these restrictions will not be seen in the percent conservation until the District's May usage is reported. The gallons/capita/day remains relatively low at 112.09 GPCD. The District's conservation standard as set by the SWRCB is 28%.

Director Cruz asked the General Manager if he is using less water or more water than last year. The General Manager stated that Director Cruz is using less water. He stated

that a Board Member is asking for the data of his usage and all the houses on Mt. View Road. Director Cruz asked Director Gonzalez if he is saving water and Director Gonzalez stated yes. Director Cruz asked the General Manager what percentage did he save. The General Manager stated about 50% the first three months of this year and about 30% in April.

iv. Possible Membership with the Greater Lamont Chamber of Commerce

The General Manager stated that the District received an application to become a member of the Greater Lamont Chamber of Commerce. The annual membership cost is \$100. The Board requested that Staff bring this item back at the next regular board meeting.

v. County Roads Projects

The County is proceeding with two projects in Lamont funded through the Safe Routes to Schools program. The projects are located on Habecker Rd and Buena Vista Blvd. The projects include the widening of the road, repairs, and sidewalk. Staff was contacted by the County because the County wanted to verify that the District would pay to raise the existing water and sewer utilities effected by construction to grade. Staff asked if the raise to grade could be included in the project funding. Preliminarily, the County is saying no but they claim to be looking into the issue.

vi. Board Member emails

The General Manager reported that Board Members now have District emails addresses.

vii. Update on Plan B Progress

Recology has completed the topographic survey of the parcel. Staff anticipates having a kickoff meeting the week of May 25th. Ground breaking is scheduled to begin in August, 2015.

7. Committee Meeting Reports

A. Capital Projects Committee

The General Manager stated that a Capital Projects Committee meeting was held on May 18, 2015 to discuss the Solar Project and the purchase of a jetting and vacuuming truck. The Board Members were asked if they wanted to discuss the items or wait until the regular agenda for discussion during Items A & D. The Board Members agreed to wait until the regular agenda.

B. Finance Committee

The General Manager stated that a Finance Committee meeting was held on May 15, 2015 to discuss the Solar Project and the purchase of a jetting and vacuuming truck. The Board

Members were asked if they wanted to discuss the items or wait until the regular agenda for discussion during Items A & D. The Board Members agreed to wait until the regular agenda.

8. Consent Agenda

The General Manager noted a typo on the Consent Agenda. Consent Agenda Item 7Bii should state "Regular Meeting held on March 30, 2015", not March 23, 2015.

The General Manager also handed the Board Members a revised set of meeting minutes for the regular meeting held on April 27, 2015. He reported that Director Prado had requested several changes which were made and highlighted in red for review by Board Members. Director Sanchez requested a review of the meeting recording because he stated that he did not state an employee's name during the discussion of Regular Agenda Item I. The General Manager stated that he would review the meeting recording and make edits if necessary.

Motion to approve all items on the Consent Agenda subject to the General Manager's review of the meeting recording for the Special Board Meeting held on April 27, 2105.

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5–0

8. Regular Agenda (6:30pm)

A. Report and Possible Minute Action: Consideration and possible selection of Solar Photovoltaic System vendor; General Manager, Nick Turner

The General Manager reported that three municipal solar system vendors presented their October 2, 2014 proposals to the Board Members and Staff at our Regular Board Meeting on April 27, 2015. Staff presented a detailed spreadsheet comparing three common funding mechanisms offered by the three solar vendors. Those include a system purchase, a tax exempt lease, and a power purchase agreement. The General Manager provided each board member with an updated spreadsheet and made note that the table included in the agenda packet was updated to reflect additional information gathered from the vendors.

The General Manager stated that Opterra's capital cost is substantially more and their cumulative savings is substantially less than both HeliPower and Borrego Solar and therefore Staff recommended not considering them a viable solar vendor for the District.

The General Manager stated that the first funding mechanism offered by the solar vendors is a system purchase. This payment mechanism provides the greatest long term savings for the District but requires that the District spend approximately \$2.5 million of its reserves. The General Manager noted that this system purchase has a payback period of approximately seven years. This is an attractive funding option for the District if the Board is open to the idea of utilizing a portion of its reserves for the solar project. The purchase price received from HeliPower is approx. 5.5% less than that of Borrego Solar.

The General Manager stated the second funding mechanism proposed by the solar vendors is a Power Purchase Agreement. In a PPA, the system is owned, operated and maintained by a 3rd party. A PPA has zero up front capital costs but requires the District to purchase the system at fair market value at the end of the term. The fair market value is said to range between \$500,000 to 1,000,000 at year 21. The cumulative saving utilizing a PPA at Year 21 is less than when utilizing the Tax Exempt Lease option. Because of this, the Tax Exempt Lease option is a better option for the District because the long term cumulative savings is higher. In addition, the Tax Exempt Lease avoids the arduous process of establishing a PPA.

The third funding mechanism considered, and in Staff's opinion the most desirable, was the tax exempt lease. This payment mechanism is a typical lease arrangement. It provides approx. a 5-10% less long-term savings than a system purchase and has zero up front capital costs. Both HeliPower and Borrego have offered \$0 or \$1 buyout cost at the end of the lease term.

The General Manager noted that the updated information provided by HeliPower indicated a lesser lease payment and a greater long term savings as compared to Borrego Solar. Both companies guarantee a 90% power production. According to the solar vendors, the difference in long term savings is likely a result of assumptions made within the modeling programs used by the solar vendors such as capital cost, O&M costs, system size, and PG&E power rates, all of which are basically the same.

The General Manager stated that if the Board is interested in using its reserves to fund the purchase of the solar system, then HeliPower appears to be the best option for the District. But if the Board would rather keep its reserves and still take advantage of the substantial cost savings resulting from using solar, Staff recommends considering the benefits each vendor offers.

HeliPower has significant greater long term savings estimated at \$1,000,000 more than Borrego Solar at Year 25. HeliPower claims to be RES-BCT experts. They state that they own and operate systems therefore they understand maintenance problems. They claim to install Tier 1 equipment. They are a smaller company with nearly direct access to the president of the company.

Borrego Solar has been in the industry about twice as long as HeliPower. They install top of the line equipment. They own and operate approximately twice the number of municipal solar systems. Borrego Solar also has shown a greater willingness to be creative in working with the District to acquire the best funding available.

Both vendors support the District's interest in submitting an application for CEC funding. If funded through CEC, there is the potential for even greater savings for the District.

The Board members all voiced their support for Borrego Solar based on the information provided.

The General Manager noted that Staff is only requesting that the Board select a Solar Vendor at this time. Once a vendor is selected, Staff will work with that vendor to

negotiate and determine the system details, costs and how it will be funded. This information will then be presented to the Board at a future meeting.

Motion to approve the selection of Borrego Solar as the District's Solar PV System provider and direction to Staff to begin working with Borrego on the financing.

First Motion--Director Gonzalez

Second Motion--Director Hernandez

Approved. All in favor. Vote 5--0

B. Information Only: Update on New Groundwater Use Regulations adopted by the State; General Manager, Nick Turner

The General Manager stated that the SWRCB has adopted their updated drought emergency conservation regulations on May 5, 2015. The State's attorney approved the regulation on May 15, 2015. These regulation establish a tiered conservation standard for each urban water supplier based on GPCD. Staff anticipates the District's conservation standard will be 28%.

The General Manager stated that the State did change the language in the regulation allowing the deduction of all commercial ag use. This is a potentially a real benefit for the District. To be able to deduct the commercial ag usage from the District's 2015 usage, the District must first impose restrictions on the commercial ag users, secondly identify the reduction imposed on the commercial ag users to the SWRCB, thirdly verify that that the District commercial ag users meet the commercial ag definition and lastly prepare and comply with an Agricultural Water Management Plan.

Daniel Portillo asked if the State is comparing water use in Lamont to City of Bakersfield. The General Manager stated that the State is comparing Lamont usage in 2013 to Lamont usage in 2015. District Counsel stated that the State did not look at lot size or economics. They are basing it on total water production with the percentage conservation being based on GPCD.

The General Manager noted that the State is not considering growth when considering 2015 usage to 2013 usage.

The General Manager stated that Staff intends on meeting with the commercial ag users soon to discuss how they can conserve and will bring back to the board a policy on the percentage conservation expected of the commercial ag customers.

No Action. Information Only.

C. Report and Possible Minute Action: Consideration and possible approval of proposal received from Brown Armstrong for the preparation of the District's audited financial statements for fiscal year ending June 30, 2015; General Manager, Nick Turner

The General Manager stated that it is time to select an auditor for the preparation of the District's year ending June 30, 2015 financial statements. It is Staff's understanding that the Board is interested in changing auditing firms after using Daniels Phillips Vaughn & Bock (DPV&B) for the past five consecutive auditing periods. Staff has contacted eleven accounting firms and has obtain four proposals for this work, one of which is from

DPV&B. Costs ranged from \$17,000 to \$21,900. The lowest cost proposal was received from Brown Armstrong. The General Manager stated that Brown Armstrong is a reputable company and very familiar with municipal audits.

Staff recommended accepting the proposal received from Brown Armstrong to prepare the District's financial statements for year ending June 30, 2015.

Director Sanchez requests a finance committee meeting with new auditor to discuss the audit.

Motion to approve the proposal received from Brown Armstrong for the preparation of the District's audited financial statements for fiscal year ending June 30, 2015

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5–0

D. Report and Possible Minute Action: Consideration and possible selection of vacuuming and jetting truck vendor; General Manager, Nick Turner

The General Manager states that Staff has continued researching jetting and vacuum trucks in anticipation of the District purchasing one. Staff has contacted over 16 different agencies that own either a VacCon, GapVax, and/or Vactor combination jetting and vacuuming truck. The General Manager stated that each of the different trucks have the ability to jet and vacuum. They each have their own unique characteristics, but at the end of the day, they all have the ability to clean sewers. In addition, the cost of each different truck, assuming the features included in the truck are the same, is between \$350,000 and \$425,000.

The General Manager stated that what seems to really set certain trucks apart from another is their reliability and the quality of the maintenance and servicing that each supplier provides.

The General Manager stated that each of agencies that own a truck or multiple trucks of one manufacture typically had positive things to say about their truck(s). But the agencies that own trucks of different manufacturers overwhelmingly prefer GapVax. The reasons they claimed include dependability, less expensive maintenance costs, more user-friendly machine, more simplistic controls, and better performing. Staff has had the opportunity to operate the Gapvax truck and is very pleased with its performance.

Both the Finance and Capital Projects Committees met this month to discuss this possible purchase.

Based on the information received from the different truck manufacturers and their references, Staff recommended that the Board select Gapvax as the preferred jetting and vacuuming truck manufacturer.

The General Manager stated that upon the Board's selection, Staff will work with the selected truck representative over the course of the next month to bring back to the Board more information about the specific truck that will be recommended for purchase.

Motion to approve the selection of GapVax as the District's jetting and vacuuming truck vendor of choice

First Motion–Director Sanchez

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5–0

E. Report and Possible Minute Action: Consideration and possible approval of staff to obtain Class B driver's license; General Manager, Nick Turner

The General Manager stated that in anticipation of purchasing a jetting and vacuuming combo truck, Staff will need to acquire Class B driver's licenses. The General Manager noted that the District already has one employee with a Class B license. The requirements to obtain a Class B license include taking a written exam to obtain a permit and then taking a behind the wheel exam to obtain a Class B license. Attending a truck driving school is not required. When an employee has obtained their permit, they can gain behind the wheel experience using the District's jetting and vacuuming truck while being trained by our Staff member that already has his Class B license. Alternatively, Staff could attend a truck driver school. The cost for attending a truck driving school ranges from \$800 to \$1,800 and requires approx.. 40 to 160 hours to complete. Staff feels that 2 to 3 employees with a Class B license would be sufficient.

Jesus Ramirez stated that it is typically very expensive to go to a truck school. Staff should get the license themselves.

Daniel Portillo stated that if you go to truck school, staff would be guaranteed to receive their license.

District Counsel stated that Staff should check with SDRMA regarding whether or not they have a preference in how employees obtain their Class B license.

Florentine Ortiz stated that some insurance companies provide better rates for having a certificate from a truck school.

Director Sanchez asked what the projected time for use is of this truck. The General Manager stated that the truck will get used on a regular basis. The truck will get used not only to clean sewers, but to vacuum out the headworks and splitter boxes at the WWTP. He stated that much of the use will be for excavation during system repairs and pot holing for utilities. Staff anticipates using the vehicle frequently. Director Sanchez stated that the reason he asked the question was because if an employee is going to be driving this truck every day, the District could consider a stipend for having a Class B license. A stipend will be an incentive for employees to obtain their license.

No action. Item tabled to next meeting for further discussion.

- F. Report and Possible Minute Action: Consideration and possible approval of the Contract Documents for the Well #18 TCP Treatment System Project and to proceed with the bid phase of the project; District Engineer, JT Gardiner

The District Engineer stated that the plans and specifications are complete for the installation of TCP removal equipment at Well #18. He stated that the next step is to acquire Board approval to proceed with the bid phase of the project. The equipment is currently being manufactured by Evoqua. He noted that the plans are included in the Board packet. The cost estimate for the project is \$562,000.

Staff recommended approving the contract documents and proceeding with the bid phase of the project.

Motion to approve the Contract Documents for the Well #18 TCP Treatment System Project and to proceed with the bid phase of the project.

First Motion–Director Sanchez

Second Motion–Director Cruz

Approved. All in favor. Vote 5–0

- G. Report and Possible Minute Action: Consideration and possible approval to submit to US Fish & Wildlife and State Department of Fish and Game an Annual Compliance Report for the period of 2008-2014, prepared by McFaddin Endangered Species Assessments and required as part of the Habitat Conservation Plan and Incidental Take Permit TE106826-0 for APN 185-350-55; General Manager, Nick Turner

The General Manager stated at the District’s March 30, 2015 board meeting, the Board approved a scope and budget received from McFaddin Endangered Species Assessments to prepare an annual status report on the implementation of mitigation measures specified in the District’s HCP for parcel 185-350-55 (160 acres of fallow ground). This report covers the period of 2008-2014. This report, which is due no later than February 28th of each year, hasn’t been submitted by the District since 2007. According to USFWS, the submittal of this annual report covering the period of 2008-2014 will bring the District back into compliance with its HCP.

Director Sanchez recommended the preparation of a compliance calendar listing all the District’s important compliance deadlines.

Motion to approve the submittal of an Annual Compliance Report to US Fish & Wildlife and the State Department of Fish and Wildlife for the period of 2008-2014, as required under the Habitat Conservation Plan and Incidental Take Permit TE106826-0 for APN 185-350-55.

First Motion–Director Cruz

Second Motion–Director Gonzalez

Approved. All in favor. Vote 5–0

- H. **Information Only:** Possible future request for the annexation of several properties located at the westerly end of Mt. View Road, at Fairfax Rd.; General Manager, Nick Turner

The General Manager stated that a small group of single-family homes located at the intersection of Fairfax Road and Mountain View Rd. have indicated they are interested in annexing into the District. This group of homes currently receives water from a water well that has nearly dried up. This group of people have contacted Self-Help Enterprises for assistance in receiving funding to pay for a project that would annex their properties into a public water system. Self-Help Enterprises has contacted the District regarding this potential annexation. Apparently this group of homes qualifies for 100% grant funding through both SRF and USDA. This means that all of the preliminary work, the annexation, the environmental, the engineering, the construction, the connection & capacity fees, etc. are all costs covered by the funding. In other words, the District will incur no costs as a result of this annexation. All costs would be passed on to the funding agency for reimbursement. The project would basically consist of an extension of the District's main water line located in Mountain View Rd., just west of the railroad tracks, to Fairfax Road including but not limited to fire hydrants, main line valves, service lines and water meters. The District would have to act as the lead agency submitting the application, subsequent documents and facilitating construction. Once connected, each resident would pay the District's current monthly usage rates for water. This annexation would include water and not sewer. Sewer does not extend that far north.

The General Manager recommended that the Board support this annexation.

One of the home owners, Mike Mahaffey was present at the meeting.

Daniel Portillo asked if the project included sewer also. The General Manager stated that sewer is not included in the project, strictly water only.

The Board fully supported the annexation of this group of homes and requested that Staff bring back to the Board more information at the next meeting.

No action. Information Only.

- I. **Report and Possible Minute Action:** Consideration and approval to contribute support towards training workshops for board members and other community members; **Board President Prado**

Director Prado stated that she is working with other groups in the community to plan a workshop for Board Members from all agencies in the community, including potential future Board Members and the community. The workshop will include training with topics such as the Brown Act and others. Director Prado stated that the training will be bilingual.

Director Gonzalez asked how much it will cost. Director Prado stated that it is not about the cost. The District could consider contributing something to the meeting.

Director Sanchez stated that he supports the workshop but would like more information about the training such as time commitment and cost.

Director Prado stated that the proposed date for the workshop is currently June 19th.

The Board stated that they support the effort to put together this training workshop.

Jesus Ramirez stated that he thinks this is an excellent proposal. He stated that he wants the Board to consider offering classes in English. He stated that a lot of the community

wants to learn English. Director Gonzalez stated that classes teaching English are offered at Alicante School.

Director Hernandez stated that the proposed training is good. It will really benefit the community. It will be able to help the community as a whole. It is a good opportunity.

Petra stated for a long time the community has been waiting for this type of training, not only for the existing Board of Directors but for youngster that may be interested in occupying the Board Member seats. The training will help everyone be on the same page as far as how public meetings are to be run. The District's support will help the District's image in the community and break the stigma that that District has.

Director Prado stated that she is looking for District support at this time, not money.

Motion to support a bilingual training for the Brown Act in the community.

First Motion—Director Cruz

Second Motion—Director Hernandez

Approved. All in favor. Vote 5–0

- J. Report and Possible Minute Action: Consideration and possible approval to support the California Endowment's preparation of an independent analysis of the District's Plan B for Effluent Disposal; Board President Prado

The General Manager stated that this item was meant for Director Hernandez.

Director Hernandez stated the reason for this item is to have to discussion on the record. After developing and fighting for over four year now, the District is happy with the Plan B that it has selected. This is the best thing the District has done. She stated that she thanked the Endowment for their interest in the District's Plan B, but it is necessary that the Endowment spend the money on one of the many other needs in the community.

Gentleman stated that the California Endowment study is like a second opinion.

Petra stated that for four years, the District worked to find a Plan B. The District attempted to get help from Supervisor Perez but she didn't want to help the District. No one wanted to help the District and they closed the door on us. Now that the District has a Plan B, now the California Endowment wants to butt in and say we can help the District. She stated as a community if they need to march against the Endowment, they will. The Endowment should be helping the community in other ways like sidewalks, paving, parking, park improvements and lights.

The Gentleman states that the Endowment is just trying to make the District's Plan B better.

District Counsel stated that the Endowment is doing this study and they can do whatever they want. He stated that the Board feels that the study is not necessary and to use this money somewhere else. He suggests that the District send the Endowment a letter thanking them for their interest but stating that the District doesn't think that it is necessary and proposes that the money be used for other needed benefits in the community.

Director Sanchez stated the Endowment is paying for this study out of their own pocket and they have a right to request the information under the Freedom of Information Act.

Motion to draft a thank you but no thank you letter to the Endowment opposing their proposed Plan B study.

First Motion--Director Hernandez

Second Motion--Director Cruz

Approved. Vote 3-0, 2 abstained.

K. Report and Possible Minute Action: Consideration and possible approval of Board requested District staffing reorganization; General Manager, Nick Turner

The General Manager stated that at the District's last board meeting, the Board asked Staff to bring back an item to discuss the possibility of a staffing reorganization or restructuring. He stated that it is Staff's understanding that the Board is interested in a reorganization or restructuring that involves the hiring of someone with a degree in accounting and with experience in both accounting and human resources. The General Manager noted that a draft position description was prepared and was included in the agenda packet.

The General Manager stated that he wants to be very clear, that the District's accounting, unlike between 2009 through 2013, is in complete order and has been since July 2013. In addition, Staff has implemented procedural changes recommended by both the District's auditor and a past contract accountant.

The General Manager stated that he agrees that it is important that the District have an accountant on staff with the necessary experience to effectively and accurately perform the required accounting duties with very little of involvement from management and with the experience necessary to keep the District out of financial troubles.

District Counsel stated that big part of the new position is the Human Resources component which would handle things like workers compensation issues, CalPERS, and family medical leave act.

Director Sanchez stated that he agrees with the restructuring and the proposed job description. The District needs to invest in qualified personnel. The District has lost thousands of dollars in the past not having the right qualified personnel in key places. Hopefully the Board will understand that this is an investment. We need to hire qualified personnel especially in this position.

Director Cruz asked how this would affect the existing positions. The General Manager stated that this has not yet been determined.

Director Sanchez stated he just wants to start the process.

The General Manager stated that this job description may need some revisions as the position develops. Director Sanchez stated that future revisions will be fine.

Motion to approve the new position description for an Accountant/Human Resources position.

First Motion--Director Gonzalez

Second Motion--Director Sanchez

Approved. All in favor. Vote 5-0.

L. Report and Possible Minute Action: Update on commercial project and receipt of District fees for 9001 Main Street; Director Cruz

Director Cruz asks Director Sanchez to step down for this discussion. Director Sanchez steps down for the discussion.

Director Cruz asks the General Manager if the project located at 9001 Main Street has a valid Will Serve Letter. The General Manager stated no.

Director Cruz asked the General Manager to explain the Will-Serve Letter process. The General Manager explained that the process begins when a commercial developer goes to the County to request a building permit. The County will then request the developer obtain a Will Serve Letter from the District. The District would then evaluate the development plans, determine a fixture account and determine the fees that are due. For commercial developments, fees are due prior to the issuance of a will serve letter.

Director Cruz asked the General Manager if Rite-Aid, Jack-n-the-box, and the Medicine Shoppe paid their fees prior to beginning construction. The General Manager stated yes.

Director Cruz asked Director Sanchez if he had anything to say about it. Director Sanchez stated that Director Cruz has lost a lot of hair worrying about his project over the past five or six years.

Director Cruz stated that Director Sanchez was issued a Will Serve Letter by his brother. Director Sanchez stated that the Will Serve Letter was issued by the District, signed by Ms. Tracie White. Director Sanchez stated that his brother wasn't present here at the time the District issued the Will Serve Letter. Director Cruz stated that Ms White was directed by Mr. Sanchez' brother to issue the Will Serve Letter. Director Sanchez stated that she was never directed. Director Sanchez stated that this happened back when he had a friendship with Ms. White and he submitted the application and she took it upon herself to approve the Will Serve Letter. Director Cruz stated that the Will-Serve Letter was equivalent to one single family home.

Director Sanchez brought out his documentation. He stated that Director Cruz needs to be educated on this project.

Director Cruz stated that Director Sanchez is doing his project backwards. Director Cruz stated that this is money he owes the community.

Director Gonzalez stated that this is personal.

Director Prado stated that this whole discussion is personal.

Director Cruz stated that this is not personal. He stated that would do the same thing with anyone who was building without a Will Serve Letter.

Daniel Portillo stated that at the time the Will Serve Letter was issued, Mr. Cervantes was out of town. He called up Tracie and he told her what to do and she signed the Will Serve Letter. He also stated that Mr. Cervantes took advantage of a young board that didn't know what they were doing. He stated that there was a \$250,000 pipeline put in on the community's dime and now \$68,000 are being pushed on to the community again. He questioned where Director Sanchez obtained water for construction of his project. He stated that he knows that Tracie White went over to his project, not about the concrete and the hole he was digging, but about taking water from AM/PM for his construction.

Director Sanchez stated that all of this is personal. He stated that he doesn't think that he needs to step down for the discussion. He asked Director Cruz what is his problem with him and his family because he is hurting his family. He stated that this is an investment for the future of his family.

Director Sanchez takes his seat at the Board Member table and rejoins the discussion as a Board Member.

Director Sanchez stated that an Unconditional Will Serve Letter was issued by Tracie White. Director Cruz clarifies that it is the same Will Serve Letter signed by Tracie White by the order of Director Sanchez' brother.

Director Sanchez states that the County Planning Department has this Will Serve Letter. He stated that the District called the County and had his project red tagged. He stated that he asked the planning department if this was legal and they said no because he presented the Will Serve Letter to the County and they issued the permit. He stated that there is nothing illegal about this. Director Sanchez stated that Director Cruz has made this personal.

Director Cruz stated that there is nothing personal here. That this is a matter of the community.

Director Sanchez stated that he will bring is check for the District when he is ready to connect to water and sewer in the amount stated by the District.

Director Hernandez stated that when someone starts a business and the County gives them a permit and they don't have a permit for the water, she asked can they build. The General Manager stated that the established County procedure is the County requests a will serve letter from the District before a building permit from the County will be issued.

Director Sanchez stated that Resolution No. 395 was amended as Resolution No. 415 after the County stated that Mr. Sanchez could continue building. He stated that Resolution 395 clearly states that payment of all fees shall be due and payable prior to receiving an unconditional Will Serve Letter. He stated that at the time he submitted plans for approval to the County, he had a valid Will-Serve Letter. He stated that now commercial developers must pay prior to being issued a Will-Serve Letter.

Director Hernandez stated that the County is not working with us. The General Manager stated that it true.

Director Sanchez stated that Resolution No. 395 was adopted after the District lost the issue with the County. He stated that the last paragraph of Resolution No. 395 states fees shall be due and payable to the District prior to receiving an unconditional Will Serve Letter. He stated that this is his defense.

Director Cruz stated that this was the case when the District was under a Cease and Desist Order and there was no capacity for additional sewer connections.

Director Sanchez presents documentation stating that these are the fees that I will have to pay whenever I connect.

Director Cruz asked if the District has construction plans for this development. Director Sanchez stated that he submitted the plans back when the General Manager was the District Engineer.

The General Manager agreed that the fees stated in the documentation presented by Director Sanchez were the fees calculated back then. He stated that he would recommend having the District Engineer perform a walk thru of the project to count fixtures and then verify the fees due. Director Sanchez stated that he has no problem with that.

Director Prado stated that this has been going on for a long time. She stated that she would like to meet to see the all the documents related to this development including Will Serve Letters and resolutions.

Director Sanchez stated again that this is Director Cruz' own personal agenda.

Director Prado stated that it is the same for Director Sanchez.

Director Prado stated that she hasn't seen any of the documentation related to this development. Director Sanchez stated that he doesn't have a problem with this and that he would be glad to meet with Director Prado to show her all the documents.

District Counsel clarified that there is no dispute that fees have not been paid. District Counsel stated that the dispute is that Director Sanchez' position is that fees are not due until he is ready to connect and the District's position has been that the fees are due. Director Sanchez agreed.

District Counsel asked how long until Director Sanchez is finished with his project. Director Sanchez responded with 5 or 6 months. District Counsel stated that he was just curious.

No action. Staff asked to bring back to the Board the documents related to this development including development plans, will serve letters and resolutions.

Adjournment (8:45pm)

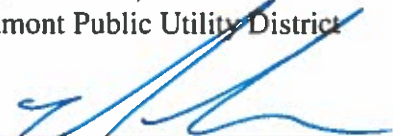
A motion was made by Director Sanchez and seconded by Director Cruz to adjourn the Special Board Meeting of the Board of Directors of the Lamont Public Utility District, held on Wednesday, May 20, 2015 at 6:00 pm.

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