

# LAMONT PUBLIC UTILITY DISTRICT REGULAR MEETING MINUTES

Monday April 24, 2017 6:00 P.M.

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

## 1. Call to Order/Roll Call

- a. Board Vice-President Hernandez called to order the regular board meeting at 6:02 pm on Monday, April 24, 2017 at the office of the Lamont Public Utility District. Four Board Members were present with President Cruz being absent. Staff present included General Manager/District Secretary Scott Taylor, District Counsel Alan Peake, District Engineer JT Turner, and District Finance Officer Wendy Swope.

## 2. Pledge of Allegiance – Led by Vice President Hernandez

## 3. Board Member announcements –

- a. None.

## 4. Public Comment

- a. None.

## 5. Staff Reports

- a. District Counsel: - None
- b. District Engineer: - None
- c. Finance Officer: -
  - i. Wendy Swope provided a brief financial update as to her activities over the past couple days. Swope stated she has discovered several financial and recording errors, deficiencies, and mistakes that she needs to address immediately. GM Taylor stated that Swope discovered and informed him, for example, that liabilities for child support and healthcare deductions are being booked as expenses. Swope stated recording liabilities as expenses is wrong and not a GAAP.
  - ii. Director Sanchez requested another example of some of the errors and problems Swope has discovered with the financials. Swope stated she found an entry of \$250k in receivables that is well over 90 days and most likely on the books for several years that has not been cleared. This means that the

District is showing receivables that it actually does not have and has not or cannot collect, which is essentially a falsification of our receivables. Swope stated she is ferreting out the inaccurate and negligent accounting practices and entries with the long term goal of making the necessary corrections to insure accurate reliable data.

iii. Director Prado asked what years the \$250k receivables were booked. Swope replied that as best as she can tell, it appears to be 2013 -14 time frame.

d. General Manager: -

i. GM Taylor requested the Board to complete its Conflict of Interest 700 Form as soon as the Board can. Director Prado stated she already submitted it, however GM Taylor stated he has not seen it and does not have it. Director Prado could not recall who she gave it to in the District. Director Sanchez stated he already submitted his to the District.

ii. GM Taylor requested that the remaining Board members complete another 700 form to comply with the County and State requirements.

## 6. Consent Agenda

a. A motion by Director Sanchez seconded by Director Gonzalez to approve the consent items as presented. Approved 4-0

## 7. Regular Agenda

a. Financial Audit of 2016 by Brown and Armstrong.

i. GM Taylor introduced Tom Young, Partner and Brown and Armstrong to present and discuss the audit. Young stated the audit was reasonable. He outlined the findings and recommendations of the audit discussing and explaining each one to the board. He stated the District is doing a little bit better, but more improvements, separation of duties, and procedures are necessary.

ii. Director Sanchez pointed out on finding number 3 states the exceeded threshold of cash drawer money amount should be given to the district manager, when in actuality the money should be placed in the safe. Director Sanchez sought clarification from Young. GM Taylor stated the policy of the district is once the threshold is met, the money is placed in the safe. The money is never given to the GM. Thomas Young stated it was a typo and offered to correct it in the report.

iii. Director Sanchez asked if there has been an improvement in the audit from last year. Young stated that with the General Manager hiring a finance

director, the District should see improvements in the processes and future audit findings.

iv. A motion to adopt the audit and findings was made. Approved 4-0

b. Director Sanchez requested the remaining board members to participate and be involved with the meeting.

c. Well #19 Questions Answered and Corrective Action.

- i. GM Taylor reported that Engineer Dan Cronquist was out of town but provided a staff report to address questions presented by the Board. Cronquist's written report addressed these questions including if the flood plain was taken into consideration during the development of the project. Cronquist's report indicated that Nick Turner, the previous manager and previous engineer designed the well and site, and that Turner did take into consideration the flood plain aspect of the site. It was reported that all aspects of the location and project were taken into consideration including the flood plain concern. Further, credentials were provided for Turner indicating his credentialing prohibits him from doing anything less than the due diligence he performed on this project.
- ii. A second question was answered regarding the issue of why the entire well site wasn't raised by two feet via importing soil. The response was that had the District imported soil raising the site two feet higher, that process would have diverted the natural path of the water onto adjoining properties in violation of the County Flood Plain management Plan; and thus would have been prohibited by the County even prior to construction.
- iii. Director Gonzalez inquired about the farmers building berms which redirects the flow of water. GM Taylor was unable to provide a response as to why the farmers have been allowed to redirect the water as that is controlled by the County. Taylor speculated that perhaps the County does not have an alternative solution for the farmers. Taylor further stated that perhaps the District is held to a different and higher standard when building a municipal well site serving the entire area as opposed to private farm land. Engineer JT Gardner confirmed and concurred with Taylor's explanations and responses to the questions.
- iv. Director Sanchez again asked why the well site was not raised two feet above grade. He stated that he has not received the answer to that question to his satisfaction. Gardner stated that AECOM would be willing to do all of the necessary design and engineering work at no cost should the District

desire to construct a wall around the well site. Sanchez compared the well site to a housing or commercial location whereby the owner of a non-governmental commercial or residential site would have to raise the site pad by two feet. Sanchez questioned that governmental and private requirements are different.

- v. Taylor attempted to describe the flow of water and the path of water during a flood. Taylor explained that under the Negative Declaration for the well, we cannot raise the pad because it would negatively impact the environment and surrounding sites, based upon the redirection of the flow of water, in violation of the negative declaration. Taylor further explained that the well site would never have been approved if the project negatively affected the environment such as redirecting water.

d. USDA Resolution of Acceptance for Fairfax Project.

- i. GM Taylor reported that the Fairfax waterline project is complete. It is completely finished and the project is over. As part of the finalization process and terms of our funding agreement with the USDA, a resolution of acceptance is required by USDA. Taylor provided a copy of the resolution in the Board packet for Board review prior to the board meeting.
- ii. Taylor recommended acceptance of the project and approval of the resolution.
- iii. A motion was made and Board passed resolution of acceptance via a roll call vote. All four members present voted Aye. Approved 4-0.

e. Purchase of TCP Vessels for Well #17.

- i. GM Taylor reminded the Board that at the previous meeting they approved the District to go out to RFP for the construction of vessels for the TCP treatment process at well #17. Four bids came back and the lowest most responsible bid was from Jacobi Carbons, Inc. at \$481,000.
- ii. Taylor shared the cost of the previous tanks for well 18 were \$589k and explained the quote from Jacobi is substantially lower due to market conditions and competition.
- iii. Director Sanchez inquired as to what the overall cost of the installation of the TCP treatment at well #17. Taylor stated the cost of the vessels only is \$481,000. An estimated additional \$700,000 would be the cost of

construction, engineering, and implementation. Thus an estimated \$1.1 million for the total project.

- iv. Director Sanchez sought clarification that the approval this meeting would be for the vessels only. Taylor confirmed that is a correct understanding.
- v. Motion by Director Gonzalez, seconded by Director Sanchez. Approved 4-0.

f. Feasibility Study of California Energy Commission

- i. GM Taylor informed the Board of their previous approval of an energy feasibility study. This agenda item was to provide the results of the feasibility study conducted by District Engineer Dan Cronquist. Taylor reported that the CEC has a loan cap of \$3 million. The District has borrowed the maximum and no additional grants or loans are available. However, the study provided additional and future possibilities to improve District energy usage. Taylor provided a summary of the additional opportunities in an itemized format.
- ii. Solar project at the WWTP is coming to a close and will provide significant energy savings. In addition, well #16 has been off line and out of use for many years and no use for well #16 is foreseeable in the future. Engineer Cronquist, via his study, indicated well #16 has an electrical meter costing the District approximately \$250 per year with no purpose. The cost is associated with the panel simply existing at the site and being energized. Cronquist suggested removal of the panel thereby eliminating energy at Well 16 entirely.
- iii. PGE has a program that provides for well and booster pump efficiency testing through Fresno State University at no cost to the District. The PGE program will test all the pump and provide data and analysis on the efficiency and how to improve energy efficiency of the pumps.
- iv. PGE is currently transitioning the street lights to LED bulbs. This is a process completely controlled by PGE. We cannot speed up the process but once complete energy efficiency will increase and the District should realize and nominal savings over time.
- v. Upsizing of water and sewer pipes was identified as an option. There is nominal energy savings but more importantly flow and pressure will increase better serving the District. This is an aspect of the CIP plan incorporated into the upcoming District budget.

- vi. SCADA is the computer monitoring and management program for our wells. It provides efficiency of programming and more importantly reduces staff time exponentially. As each well is updated, it will be incorporated into the SCADA system for the District.
- vii. Wireless water meters have been suggested as a time and accuracy increasing tool. Currently staff physically reads each meter and records the usage via a handheld device. Wireless meters would allow for staff to simply drive down a street and read meters electronically, significantly increasing efficiency and energy costs in terms of fuel and vehicle wear and tear. And it will also improve accuracy of data and records. This is an item to be considered in the short term CIP plan.
- g. Detailed Explanation, Demonstration of Methodology and Calculations for Vacation and Sick Leave Corrections.
  - i. GM Taylor informed the Board that this item was placed on the agenda at the request of a board member who went to the general counsel as the result of a staff member contacting the board member directly. The complaint was that I gave more vacation hours to Daisy Flores than what she was entitled. Taylor reminded the Board of the last meeting where Taylor provided calculations of corrected vacation and sick leave for staff that was erroneously calculated, collected and reported for the past seven years. Taylor also informed the Board that his calculations have been called in question, by the Office Manager, in terms of accuracy and fairness. Taylor stated at the end of this presentation the Board will see crystal clear that his calculations are accurate and that the calculations of the Office Manager is completely wrong.
  - ii. Taylor provided the Board with a Power point presentation and Excel spreadsheets on an overhead projection format so all could see the data simultaneously. Taylor provided data from documents and information provided to him from the Office Manager. Taylor reviewed the exact data the office manager gave to him. His analysis revealed that staff members were receiving increased vacation and sick leave accruals when they worked overtime and reduced vacation and sick leave accruals when they took a leave day. Taylor surmised the Office Manager failed to properly record the information correctly and discovered the Office Manager failed to set up the accruals properly in QB. Further Taylor demonstrated that the Office Manager had acquired 48 hours of vacation in the first five months of employment which is inaccurate because staff is only entitled to 40 hours of vacation per year for the first two years of employment.

- iii. Taylor further provided information indicating this was the process applied to all staff members and this was the information provided to Taylor directly from the Office Manager.
- iv. Director Hernandez asked if staff receives vacation for each hour worked. Taylor emphatically stated no. Taylor stressed that was how the Office Manager was calculating leave time, but that it was wrong and in violation of labor laws. Staff accrues vacation at a specific rate per pay period. And even if they use leave time, they are still entitled to accrue that specific leave time.
- v. Director Hernandez pointed out that one staff member on their first week of employment worked 40.3 hours and accrued 8.9 of vacation. Taylor agreed that was not correct and Director Hernandez corroborated Taylor's position that the Office Manager failed to calculate leave accruals correctly.
- vi. General Counsel Peake attempted to explain to Director Hernandez and the Board that the premise of the data provided is that everything that has been calculated in the past before Taylor's arrival is wrong and not done correctly. Counsel Peake stated that Taylor is now going to show you and demonstrate for the Board, the correct accurate calculations and numbers.
- vii. Taylor stated he would now present accurate data. Taylor stated he wanted the Board to understand that he has been accused of providing more vacation time to a staff member than they are entitled to. Taylor said, "Let me translate that for you. I was accused of stealing from this District. I have a real problem with that and that makes me very upset." Taylor then provided excel spreadsheets on the overhead projector to demonstrate how the correct calculations were acquired and how the correct calculations look. Taylor further provided factual numbers to corroborate his calculations as true and accurate and to prove that he did not give anyone additional leave time to which they were not entitled.
- viii. Director Hernandez requested paper copies of the information provided on the overhead projector. Taylor asked Director Hernandez is she wanted the paper copies because she thought perhaps the numbers on the screen were not the same as the numbers on the paper version. Director Hernandez stated the numbers from the paper version matched the numbers on the overhead screen.
- ix. Taylor, several times, throughout the presentation asked Director Hernandez and Director Prado if they had questions or needed clarification of a particular page or calculation. Each replied no.

- x. Taylor provided calculations created by the Office Manager which was used to allege and accuse that hours not earned were provided to another staff member. Taylor demonstrated that the Office Manager's calculations, once again, were erroneous, inaccurate and demonstrative of incompetence. When calculating Daisy Flores' leave time, the Office Manager did not provide Daisy with the appropriate amount of leave when she acquired two years of employment service. The Office manager did not apply the leave accrual increase until after the third year of service for Daisy, thereby providing Daisy less hours than the 80 hours of vacation she is entitled. Moreover, Taylor demonstrated that the Office Manager's calculation of her own vacation hours demonstrated that the Office Manager gave herself more vacation hours than she was entitled to. The Office Manager increased her own vacation accrual time a year sooner than she was entitled, thereby giving herself 80 additional hours she was not entitled to. GM Taylor demonstrated this to the Board via spreadsheets and calculations provided to him by the Office Manager.
- xi. Taylor explained the concept of accrual and the concept of when accruals change based on years of service. Taylor specifically asked if each board member understood this concept. Each Board member stated yes. Taylor stated to the Board that the person challenging Taylor's honor and integrity used blatant incompetent calculations in an attempt to support her allegations. Taylor provided accurate calculations and demonstrated as such through providing a spreadsheet with his calculations for every staff member of the District. Taylor stated, "Math does not lie, and neither do I."
- xii. General Counsel stated this exercise is to demonstrate that Taylor is making sure each employee receives exactly what they are entitled to.
- xiii. After completing the presentation in very specific detail to the Board, Taylor specifically asked each Board Member if they believe and are absolutely convinced Taylor's calculations were correct and that he did not provide more leave time to anyone than what they were entitled and that the allegations are false. Director Sanchez, Hernandez, and Gonzalez stated "yes." Each stated they believed Taylor, except for Director Prado. Director Prado stated she had no comment.
- xiv. Taylor stated that he was advised by the District Counsel that the complaint was made to a board member, and then the board member contacted Counsel Peake and told him that the Office Manager complained that Taylor favored only one staff member and gave them more time than they deserved. Counsel Peake told Taylor that the Board Member said they

wanted this issue on the agenda for Taylor to prove how he made the calculations for the leave.

- xv. Taylor told the Board that he speculated the complaint was generated as a result of a reduction in the vacation hours the Office Manager thought she had as compared to the real corrected balance after the proper and accurate calculations were made. The Office Manager expected to be able to sell back additional vacation hours which she was not entitled to. That upset the Office Manager greatly.
- xvi. The Office Manager then asked Taylor to allow her to sell back vacation anyway, in violation of policy, and Taylor told her no he would not do that.
- xvii. Director Gonzalez stated that Taylor did a good job. Gonzalez said, “You did a good job. That is what I believe” and that he knows the number are accurate as presented.
- xviii. Director Sanchez stated Taylor did a great job. Director Sanchez also stated that he feels this was a lot of wasted time because of someone else that is not capable of doing the job they should be doing, which is costing the District a lot of money. Director Sanchez further stated that if someone is not happy at their job with the District, then perhaps they are in the wrong business. Director Sanchez stated an employee is either an asset or a liability and treat them as such.
- xix. Director Hernandez asked why wasn’t the spreadsheets given to the Board in advance. Taylor stated the spreadsheets were significant in volume and that the Board would not have understood them without explanation. Taylor stated he articulated that in detail in his staff report to the Board given to them days before the meeting.
- xx. Director Sanchez stated it is unacceptable for a staff member to approach a board member with a complaint such as this. Director Sanchez stated he believes it is direct insubordination. It is the manager’s job to run the business of the District. Sanchez stated he wants the Board to be aware they cannot allow a staff member to manipulate or be an accomplice to behaviors of a staff member. Sanchez stated it creates problems within the District and puts the Board and the District in potential jeopardy.
- xxi. Director Prado stated she would not comment on whether she agrees with GM Taylor’s calculations or not because she stated that Taylor mentioned a lot of things which Director Prado does not agree with and therefore she is not going to comment. Taylor asked her what statements he made or

information he provided that she does not agree with and Prado refused to clarify and refused to answer. Prado simply stated she has no comment and is taking her notes.

xxii. Director Sanchez stated this is the forum to clarify any questions and clear up any problems a board member may have. Director Prado stated that the Office Manger did not come and complain to her. Director Prado stated she approached the general counsel because he legally knows the situation. Director Prado stated she never tried to be involved in that situation. Director Sanchez suggested that if a staff member contacts a board member they should be referred to the GM. Director Prado stated she knows exactly her responsibility of her position and that if an employee ever contacts her, she tell the employee to follow the chain of command.

xxiii. Director Sanchez inquired as to why the staff member didn't follow the chain of command in this situation. Director Prado stated she could not respond because it is not in her position. She directed Sanchez to ask the employee because she (Director Prado) could not respond.

xxiv. Director Prado stated she approached general counsel in her position as a board member. General Counsel stated that any board member can contact counsel. General Counsel stated that he was told by a board member that a complaint was made to the board member, by the office manager, that Taylor had given one staff member, Daisy Flores, more leave time than they were entitled to. General Counsel told Taylor that the board member wanted the item on the agenda and that Taylor would have to show his work on how the calculations were made.

xxv. Taylor said he did exactly that because when the Board hired him they stated they wanted honesty and transparency and that is why Taylor did the presentation on the large screen so everyone could look at the exact same thing at the same time to be open and transparent. Taylor stated he has done and managed exactly as the Board has requested when they hired him. Honest, open and transparent. Taylor reminded the Board just as he did in his interview for the position, Taylor said he doesn't lie and he doesn't steal. And that he has demonstrated that here tonight in an open honest and transparent manner, exactly the way the Board wants.

xxvi. Taylor stated he has provided all the documentation, all the numbers and all the calculations available. Taylor said he has protected the District, as he has always done, in a legal and correct and professional manner, and that the calculations are correct.

**8. Closed Session**

- a. The Board adjourned to closed session at 8:38pm.

**9. Open Session**

- a. The Board reconvened the open session at 8:51pm.
- b. Report of closed session was “Board advised and direction was given.”

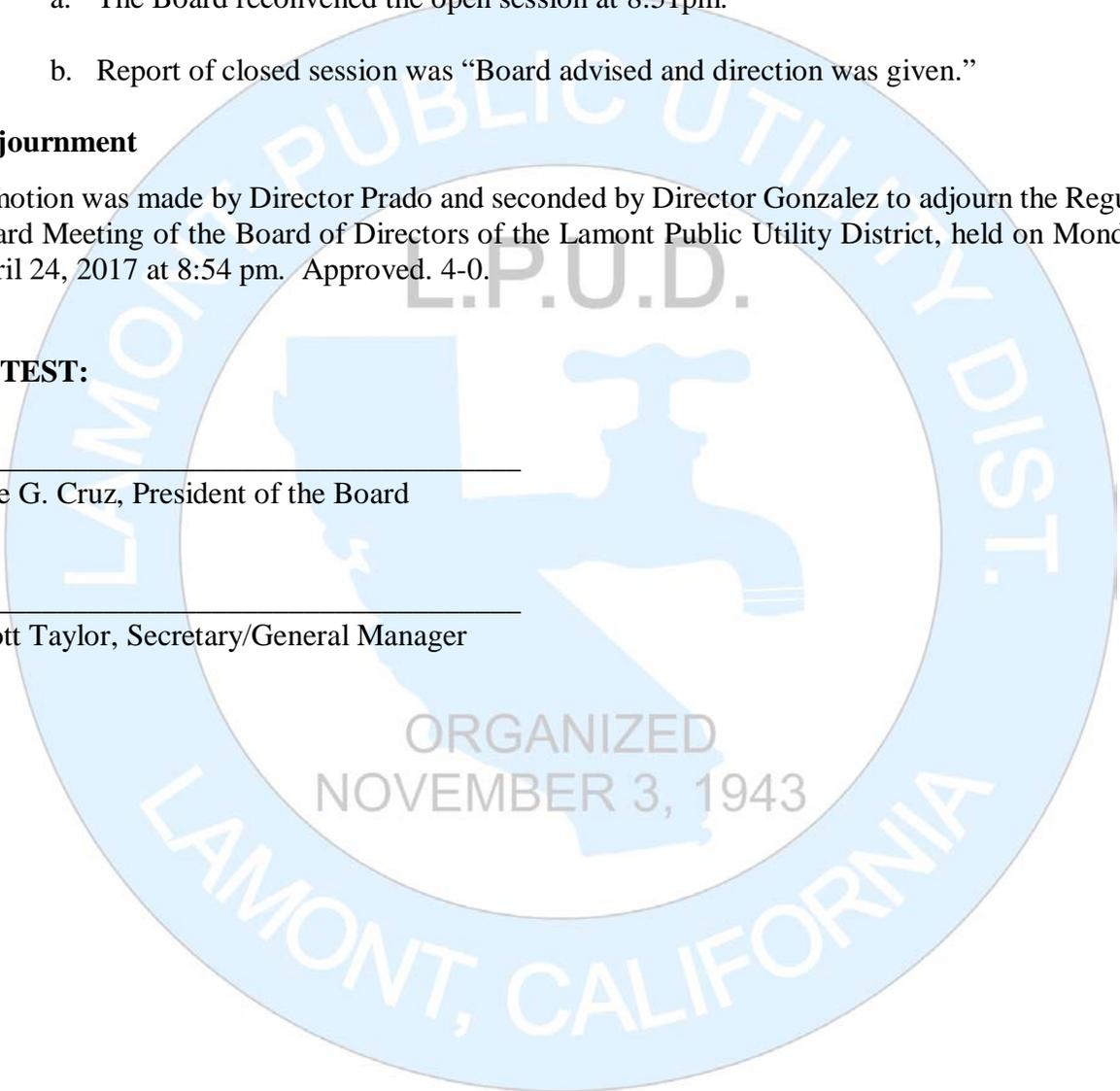
**Adjournment**

A motion was made by Director Prado 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, April 24, 2017 at 8:54 pm. Approved. 4-0.

**ATTEST:**

X  
\_\_\_\_\_  
Jose G. Cruz, President of the Board

X  
\_\_\_\_\_  
Scott Taylor, Secretary/General Manager



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X *Jose G. Cruz*  
Jose G. Cruz, President of the Board

X *Scott Taylor*  
Scott Taylor, Secretary/General Manager