

CONFORMED AGENDA

REGULAR MEETING

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS

6425 MAIN STREET, GEORGETOWN, CALIFORNIA

TUESDAY, SEPTEMBER 13, 2016

2:00 P.M.

MISSION STATEMENT

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
 - Ensure high quality drinking water
 - Promote stewardship to protect community resources, public health and quality of life
 - Provide excellent and responsive customer services through dedicated and valued staff
 - Insure fiscal responsibility and accountability are observed by balancing immediate and long term needs.
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1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

The meeting was called to order at 2:00 PM. Directors present: Capraun, Hanschild, Hoelscher, Krizl, Uso. Staff present: Interim General Manager Darrell Creeks, Project Manager George Sanders, Lead Operations Manager Marty Ceirante, Office Manager Diane Schroeder, Meeting Recorder Gloria Omania. Legal Counsel: Barbara Brenner of Churchhill White.

2. ADOPTION OF AGENDA – Board action to adopt Agenda.

Motion by Director Uso to adopt the Agenda; second by Director Hanschild.

Public Comment: None

Vote: The motion passed unanimously.

3. PUBLIC FORUM – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

No public comment.

4. APPROVAL OF CONSENT CALENDAR – Board Action to approve the Consent Calendar.

These items are expected to be routine and non-controversial. Action by the Board will be taken at one time without discussion. A Board member may request an item be removed from the Consent Calendar for discussion and possible action. Any member of the public may ask to address an item on the Consent Calendar prior to Board action.

A. Approve Minutes

- 1) Regular Board Meeting of August 9, 2016
- 2) Special Board Meeting of August 23, 2016

B. Execute Professional Services Agreement for Annual Audit

- 1) **Discussion** – At the regular meeting of June 14, 2016, the Board of Directors selected the CPA firm of Fechter & Company to conduct the Annual Audit. The field work for this audit will begin in late October. District Staff is in the process of preparing for this audit.
- 2) **Possible Board Action** – Staff recommends the execution of the Professional Services Agreement with Fechter & Company.

C. Irrigation Season Ending Date

- 1) **Discussion** – Section 3(a) of Ordinance 2005-01 describes the irrigation season as generally from May 1 through September 30 of each year. The Ordinance also authorizes the Board to consider changes to the start or ending date to respond to various hydrologic conditions. This agenda item provides the opportunity for such a discussion
- 2) **Possible Board Action** – Staff's recommendation is to end the irrigation season on September 30 2016 so that necessary maintenance work on the raw water conveyance system (ditches) can be completed.

Motion by Director Uso to approve the Consent Calendar. Second by Director Hanschild.

Public Comment: None

Vote: Passed Unanimously

5. FINANCIAL REPORTS

- A. Accounts Payable for July 2016
- B. Revenue and Expense Summary for July 2016
- C. Balance Sheet for July 2016
- D. Cash and Investment Reports for July 2016
- E. Month End Cash Disbursement Report for August 2016
- F. ALT Zone and CDS Summary for July 2016
- G. End of Year Reports 07/01/2015-6/30/2016

Director Capraun inquired about the absence of an account for the Capital Improvement budget and stated that this was an outstanding direction by the Board to the Staff.

The Board re-directed District Staff to open a separate account for the Capital Improvement Budget and move the funds from the Stumpy Fund Reserve. Director Hoelscher asked what Psomas was doing for the District. George Sanders clarified that the District has a contract with Psomas on the ALT plant and Ernie Leporini works on that project for Psomas.

There were no additional questions regarding the financial reports.

Motion by Director Uso to receive to file the report. Second by Director Hoelscher.

Public Comment: None

Motion passed unanimously.

6. PRESIDENT'S REPORT

None.

7. BOARD REPORTS

Director Capraun asked for an update on the executive search for a new General Manager. Director Uso reported that the committee met with Heather Renschler, the Executive Search Consultant, and discussed the Board's requirements for the new General Manager.

Legal Counsel Barbara Brenner added that the contract with Ralph Anderson and Associates has been executed and the Consultant was provided with a job description and a copy of the former General Manager's contract. The Consultant is developing a brochure and will begin the search. Director Capraun commented that the Board's committee should review the brochure before it is sent out. The committee will follow up with the consultant.

George Sanders stated he thinks participation by a senior member of the District staff on the interview panel would be beneficial to the Board and asked if the Board would consider this. Director Krizl thought it would be a good idea and should consider this when it is on the agenda. Staff was directed to add this item to next month's agenda.

8. GENERAL MANAGER'S REPORT

Interim General Manager Darrell Creeks provided a summary of his written report. The following matters prompted additional discussion and direction to Staff:

Statewide Water Loss Management Program: *Mr. Creeks reported on the State requirement that all urban water suppliers must conduct annual water loss audits of treated water losses. Director Uso expressed his strong desire that the District begin work on the New Water Meter Program. The Board then directed staff to include the Meter Replacement Program to the next Board agenda. Mr. Creeks stated that he has been working on this and has been in contact with Fred Gill of Home and Financial, the company that give loans to Equarius. Director Uso stated that he would also like a review of available matching funds. Mr. Creeks responded that he will ask Fred Gill to give a presentation on funding sources and grant opportunities.*

Director Uso commented that this is a great project for SMUD funding.

Dedication of Easement for Waterline. After discussing the details of this request for the dedication of an easement for a waterline over a portion of land owned by the District, Staff was directed to bring a Resolution to the Board at the next meeting to formalize this request.

Letter to the Editor regarding the Auburn Lake Trails Water Treatment Plant Project. Interim General Manager stated that this item was added to his report to offer the Board, Staff and the Public an opportunity to engage in a healthy discussion about the letter to the editor written by Director Carl Hoelscher. He asked Engineering Consultant George Sanders to present Staff's response to the points made in the letter.

Project Manager George Sanders stated that while these items might require clarity from the author, he asked if he could first highlight and respond to key points he identified in the letter before engaging in a full dialogue. Listed below are the points Mr. Sanders highlighted on behalf of the District Staff:

- **“GDPUD customers have an opportunity to cut their \$13 million water treatment plant cost in half.”**

Staff Response: We don't know where that \$13 million cost came from. Myers & Sons came in with a bid of \$10,249,000 for the construction of the plant. There are additional costs that will be identified, but the \$13 million referenced in the letter is not accurate.

- **“All equipment for the ALT was ‘sole sourced.’”**

Staff Response: This is definitely not a true statement. We have engaged in conversations about ADI filters. The Trident filters included in the plans was based on a pilot test that was done in 2009 to make sure that particular filter would work to treat our water properly. The state developed a list and the Trident filter was on that list in 2011. The Trident filter is what our design engineers, PSOMAS, put in the plans.

Since then there has been some activity with ADI filters and we were just assured that one of the ADI filter systems could be used in the plant. To do that would require the State Division of Technical Review and Financial Assistance to go back through a tech review and our loan would be held up. We don't know how long that additional review will take if the Board wanted Staff to do this. But as far as the statement that **all** equipment was sole sourced, that's just not a true statement.

- **“The California Department of Public Health has approved four manufacturers that should have participated in the public bid process...they were denied by district staff.”**

Staff Response: First, District staff does not have the authority to approve or deny filter systems, so we did not deny a filter system. We had received a lot of emails about the ADI system during the bidding process and ADI submitted a proposal working with PSOMAS Engineering. ADI stated it would cost \$30,000,000 and the District would have to pay for a pilot test and the District would have to provide the manpower. There were other delays identified at that time; we could go into it if the Board thought it was necessary.

- **“Competitive bids now reveal the water treatment plant can be provided for \$5-\$6 million without compromising quality or required state approvals.”**

Staff Response: Don't know what those competitive bids those are. The District didn't have any other competitive bids for this project.

- **“Competitive bids should have been exercised by the board from the inception of this project eight years ago and should not be compromised because of an artificial timeframe imposed by some board members or district staff.”**

Staff Response: We don't know what this artificial timeframe is. We reviewed the Order issued by the State on September 3, 2004. It identified a deadline of December 31, 2008 for the district to get

back into compliance based on what was identified in the Order. We're all very aware that this deadline has passed; we don't know why the State has not fined the District or whatever they choose to do (for non-compliance).

As it relates to deadlines, we want to remind the Board to remember that we've already lost a Prop 50 funding opportunity. We still have the EPA funding with a balance of about \$740,000 which we have to use by December 2018.

We've got three designs and they're stacked up here. We've got the Greenwood Plant; below that is the design developed when Kevin Shively was here, a very good design in my opinion; and the third design is here. So, this is what we've gone through in the way of different designs for the plant.

Regardless of what the State tells us is our deadline, we have a need to supply water to the public based on State regulations. We can't just ignore these regulations. If there was some big thing that happened to our water source and we weren't able to comply, water operators, the District, the Board, and the State would be all tied together on this non-compliance thing by not moving forward.

- **“A Geotechnical report determined the site had naturally occurring asbestos that must be dealt with.”**

Staff Response: The Geotechnical report says that “this project is in an asbestos review area. Care should be taken during excavation to mitigate the potential for asbestos exposure.” It doesn't say it has asbestos, it talks about the potential. The CEQA document states that “the project site has been designated as a quarter-mile buffer for more likely to contain asbestos or a fault line.” Nowhere does it say the site has asbestos. In our mitigation measures, we have a dust control mitigation plan that will address asbestos issues as we're doing construction.

- **“The July utility bill was \$12,396.73.”**

Staff Response: I don't know the total point of that. What I did was pull a bill for Walton—also a 3 MG plant—for the same month and that bill is \$3,383. I assume you could deduct what a normal plant would cost to know what you're looking at there. I think it is important to remember that it's likely we're still going to have to pump up to the Angel Camp Tank, a lot of ALT is served by the Angel Camp Tank regardless of where our plant is located. If it's at a higher place, such as Greenwood, we'll have pressure reducing stations to bring it down so we can provide water. It's likely we will have some pumping costs unless we want to abandon that tank.

- **“I have found a Package Plant for about \$500,000.”**

Staff Response: We have not researched this, so we can't confirm or negate that.

- **“The easements; ALT already gets its water from Greenwood through easements.”**

Staff Response: We already get water through easements. We looked at the big record of easements. Some of the alignments will change from where we currently run our ditches and pipes to make more of a straight shot. What they were looking at are wider easements because you need an easement to construct and an easement to maintain your pipeline. We're looking at easements that are greater than what we have.

- **“Estimate was \$500,000 to \$700,000 to ...keep the plant running while we moved forward with Greenwood.”**

Staff Response: We don't know how those upgrades could be done for that amount of money. We did meet with Director Hoelsher and the engineering firm. The engineering firm was going to provide us with information, but we don't know how they can do it for that amount.

At the conclusion of Mr. Sanders' presentation, the Board engaged in the following points of discussion with Staff and the public:

- **Clarification of estimate to keep plant running and issue of non-compliance.**

Director Hoelscher clarified the estimate to keep the plant running while moving forward with Greenwood. He stated this estimate is for a temporary upgrade in order to comply with State requirements by putting the new filters ahead of the existing filters while the District moves forward to redo the Greenwood plant. It was not to replace the plant.

Interim General Manager Darrell Creeks commented that the filters at ALT have nothing to do with non-compliance, adding the non-compliance has to do with the manner in which polymers are delivered.

Director Hoelscher said that he wished Mr. Creeks had brought this up in the meeting with the engineers; Mr. Creeks responded that he had explained this, but the engineer kept talking about filters anyway.

Lead Operations Manager Marty Ceirante added that there are two points at ALT that are very difficult to overcome: it is an infiltration plant which the State does not recognize, and it has a chlorine contact time problem. The filters have nothing to do with the non-compliance.

- **Clarification of \$5M competitive bid and the history of developing the design for the ALT plant.**

Director Hoelscher clarified that the \$5M "competitive bid" amount was to replace everything at the ALT Plant -- the plumbing, electrical, the filters -- the whole deal. He indicated he got a quote about Westmoreland where they're doing the same thing at a cost of \$5.277M.

Director Hoelscher stated that he looked at the bid proposal from Myers with a cost of \$2.85M for the filter building and \$256,000 for the foundation.

He further indicated that he got two bids for a metal building for \$55,000, and a bid from Foothill Iron to erect it for about \$35,000, and estimating \$110,000 to do the interior, Director Hoelscher stated that the total cost was around \$450,000, and pointed to the \$2.4M difference with the bid from Myers. He continued that the filter units would be installed at \$1.5M and ADI could install those things for about \$700,000. Director Hoelscher concluded that the plant can be built for a lot less money than the bid from Myers.

Mr. Sanders responded that there were ten proposals received by the District and the proposal by Myers & Sons was the lowest bid on all ten of those.

Mr. Sanders stated that Director Hoelscher's letter to the editor was not structured around these specific bid items that Director Hoelscher just shared.

Director Uso stated that this plant was looked at 14 years ago by the District and the State and they both agreed this plant was not re-buildable. He also pointed to the State loan at 1.6% and stated interest rates are going to go higher and if we delay this project again, we will lose this low interest loan.

Marty Ceirante stated that it is true the Board is responsible to the ratepayer, but the Board is also responsible for the health and safety of the public; and, postponing the project with a plant that could break and any time is putting at serious risk the District's ability to provide clean water to the public.

A member of the public asked the Board if there was a contractor in place to go ahead in this project. She indicated that it was her understanding that this has been voted on and approved so she didn't understand

all of this, because as a ratepayer she looks to the Board to get things done and to move forward...this is ridiculous.

Director Uso asked if the Board could direct staff to respond to this letter to the editor so that people will know the facts and figures that represent the reality of this situation.

Director Hanschild stated this would take a lot of staff time. It has already been addressed at this meeting and I don't think we need to be addressing this anymore. I think what's in the minutes will contain Staff's response and we should move on.

Interim Director Darrell Creeks expressed his unwillingness to have staff respond formally to Director Hoelscher's letter; he pointed out that the District Office received no calls from the public about the letter to the editor. He stated that he was not interested in getting into a tit-for-tat scenario and engage in the negativity such as that which has occurred in the past to the detriment of the community.

Norm said if it would be appropriate to ask staff if they would like to respond to the letter the Board should consider allowing them to do so. Legal Counsel Barbara Brenner stated that just as Director Hoelscher can write a letter, staff can write a letter to the editor.

9. FINANCE COMMITTEE REPORT – The Committee did not meet in August.

Director Uso stated he thinks the Finance Committee is waiting for further direction from the Board. Director Krizl asked staff to add a discussion on the purpose of the Finance Committee to the next Board agenda.

10. UPDATE ON RCAC PERFORMING WATER RATE STUDY

- A. Discussion** – This item was discussed at the Board meeting of August 9, 2016. The agenda item centered around nine key points that relate to conditions, processes and services that RCAC can offer the District in the Water Rate Study.

Engineering Consultant George Sanders summarized the report first pointing out that the difference between a Cost of Service Study looks to the past pulling our records, the new Water Rate Study concept looks into the future.

Mr. Sanders indicated that Mr. Van den Bergh would like to meet with the Board before making a commitment to dedicating his resources to developing the Water Rate Study. There was agreement that it would be beneficial for the Board to meet with Mr. Van den Bergh.

Legal Counsel Barbara Brenner asked if this going to result in a stand-alone report to support a Prop 218 process. Director Capraun confirmed from her conversation with Mr. Van den Bergh that this report would be a prelude to a Prop 218. There was agreement that it would be helpful to invite Dennis Goodenow to participate inasmuch as he has dedicated so much valuable time and expertise to this process.

Director Krizl directed staff to add anything else to this upcoming Special Meeting. Mr. Sanders stated it would provide for an opportunity for the Board to review the State Loan Agreement.

- B. Possible Board Action** – Staff recommends that the Board identify a date and time for a Special Meeting during the week of September 26-30 to participate in a presentation offered by John Van Den Berge, of RCAC, relating to their preparation of a Water Rate Study.

Board directed staff to confirm Mr. Van Den Berge's availability and set a date for the Special Meeting during this timeframe.

11. ALT TREATMENT PLANT UPDATE

- A. Discussion** – On August 23, 2016, the Board awarded the construction contract to Myers and Sons, LP, in the amount of \$10,249,000, conditional upon the execution of the loan with the State Water Board in the amount of \$10,000,000. This report provides an update since that action.

Engineering Consultant George Sanders reported that he is working with Myers & Sons on a program of tasks for them to get started on (Attachment A), but he doesn't have enough information at this point to share with the Board and with Counsel to determine what can be done including summary of what they might be able to do before we execute the contract.

Mr. Sanders indicated that he was informed by his State contact that the District's loan agreement is currently with their legal; everybody else has approved.

Director Capraun asked Mr. Sanders if he could provide a list of work activities on a timeline for the entire project. Mr. Sanders responded that such a spreadsheet with additional detail on work activities will be provided.

Mr. Sanders stated that Staff followed up on references on Myers and Sons. Comments from past and current clients are all positive. Staff also reviewed findings by the State Contractors Licensing Board and those are all positive.

- B. Possible Board Action** – Staff recommends that the Board receive and file this report.

The report was received and filed.

12. FISCAL YEAR 2016-17 CAPITAL BUDGET

- A. Discussion** – District staff, working with the Finance Committee, has developed a proposed FY 2016-17 Capital Budget. The budget is a robust and optimistic Capital Improvement Plan. Staff realizes they may not be able to accomplish every one of the projects included in this year's budget, but aims to complete as many as possible, given the available resources of cash and personnel.

Interim General Manager Darrell Creeks presented the FY 2016-17 Capital Projects.

Director Capraun commended Staff for providing an actual plan that provides a description of the project and explanation of the funding. Staff was directed to prioritize the projects.

Director Uso expressed his disappointment that the new meter program was not on the list. Mr. Creeks responded that it was on the list, but removed due to the \$2M price tag, noting it will be added once funding is identified. Director Uso emphasized that the new meter program is a huge priority.

Discussion then ensued relative to the Hydro Fund and the merits of capitalizing on that portion of funding as well. Mr. Sanders stated that perhaps Staff could put a package together for the Board's consideration.

- B. Possible Board Action** – Staff recommends that the Board of Directors approve and adopt the Fiscal Year 2016-2017 Capital Budget.

Motion by Director Capraun to approve the Fiscal Year 2016-2017 Capital Budget with the acknowledgement that the funding accounts specified will be set up. Second by Director Hoelscher.

Public Comment: Linnea Marengo of Cool stated that the projects should be prioritized. She further commented that she had difficulty reading the document online.

Vote: The motion passed unanimously.

13. BOARD MEMBER AND STAFF COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS, AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF – Opportunity for Board members to discuss matters of interest to them and to provide input for future meetings as well as report on their District-related meeting attendance.

Director Uso again asked staff to begin work on the financial facilitation of the Water Meter Replacement Project. Darrell Creeks indicated he would see if the rep was available for the next Board meeting.

Director Hanschild commented that staff should look at solar relative to the roof projects and opportunities for cost savings.

At this point additional members of the public showed up. Director Krizl acknowledged that they may be appearing now because Director Hoelscher's Letter to the Editor indicated the meeting began at 4 PM. He informed them that the meeting was officially posted to begin at 2 PM and the Board was about to adjourn to closed session.

14. CLOSED SESSION – *The Board adjourned to closed session at 4:03 p.m.*

A. CONFERENCE WITH LEGAL COUNSEL – Discussion about Ongoing Litigation.

Name of Case: Mecklenberg v. GDPUD.

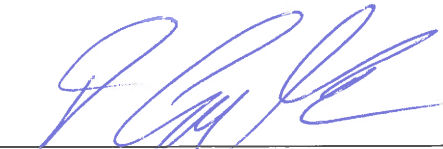
15. ADJOURN TO OPEN SESSION – Announcement of action taken in closed session.

The Board returned to open session at 4:27 PM and reported that no action was taken in closed session.

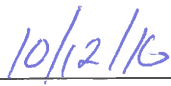
16. NEXT MEETING DATE AND ADJOURNMENT – The next regular meeting will be October 11, 2016, at 2:00 PM at the Georgetown Divide Public Utility District office.

The meeting was adjourned at 4:28 PM.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on September 9, 2016.



Darrell Creeks, Interim General Manager



Date