

**UNION PUBLIC UTILITY DISTRICT
339 MAIN STREET
MURPHYS, CA 95247**

MINUTES OF FEBRUARY 21, 2018 REGULAR MEETING

The Board of Directors of the Union Public Utility District met in Regular Session at the UPUD Office in Murphys, California, at approximately 7:00 PM.

Directors Present:	RALPH CHICK GREG RASMUSSEN DUANE ONETO ERIC BOTTOMLEY	President Vice President Treasurer Director
Directors Absent:	TOM QUINCY	Secretary
Also Present:	BILL ELTRINGHAM ELAINE URRUTY KEN AIROLA MICHAEL MINKLER PUBLIC AT LARGE	District Manager Office Manager District Legal Counsel UWPA

1. PLEDGE OF ALLEGIANCE. The Pledge was given.
2. PUBLIC COMMENT. There was no public comment.
3. APPROVAL OF MINUTES. The minutes of the January 17, 2018, regular meeting were included in the agenda packets for review.

Motion:	Director Rasmussen
Second:	Director Bottomley
Ayes:	Directors Chick, Rasmussen, Oneto and Bottomley
Nays:	None
Absent:	Director Quincy

MINUTE ENTRY. THE MINUTES OF THE MEETING OF JANUARY 17, 2018 WERE APPROVED AS PRESENTED.

RECURRING BUSINESS:

- 4.a APPROVAL OF EXPENDITURES. The January 2018 Expenditures were included in the agenda packets for review. Elaine Urruty reviewed the expenditures with the Board, noting the January large expenditures of our semi-annual All Points loan payment to First Security Bank in the amount of \$29,040.66; payment to SWRCB for annual water system fees in the amount of \$8,222.50; and to UWPA for the 3rd quarter contract payment in the amount of \$10,000.00.

Motion: Director Rasmussen
Second: Director Oneto
Ayes: Directors Chick, Rasmussen, Oneto and Bottomley
Nays: None
Absent: Director Quincy

MINUTE ENTRY. THE JANUARY 2018 EXPENDITURES WERE APPROVED AS PRESENTED.

- 4.b CASH RECEIPTS REPORT. The Cash Receipts report for the month of January 2018 was included in the agenda packets for review. Elaine Urruty reviewed the cash receipts and over 90 day accounts with the Board. Elaine noted that the cash receipts for January included payment from Calaveras County for our tax distribution in the amount of \$62,001.90
- 4.c BALANCE OF FUNDS REPORT. The Balance of Funds report for the month of January 2018 was included in the agenda packet for review. Elaine Urruty reviewed the balance of funds report with the Board. Elaine reviewed the quarterly transfers into LAIF for UWPA & Irrigation reserves and connection fees to SRLF reserve along with our quarterly interest deposit and the LAIF withdrawals to our Union Bank for tree removal, district projects and filter media costs. After all transfers were completed, the new LAIF balance is \$1,516,830.33 and our Union Bank account balance is \$492,315.68 as of January 31, 2018. Elaine also noted that after the semi-annual payment in January, the new All Points loan balance is \$160,830.79. Now that all transfers are completed and the Board can see the current LAIF balances, Elaine asked for direction from the Board regarding additional quarterly transfers from Union Bank into LAIF for reserves. Discussion ensued regarding reserve needs and filter media costs and possibility of paying off the All Points Loan. It was the Board's consensus to direct Elaine to transfer \$5,000 per month to the District Reserve account for filter media costs for 20 months to build the account to \$227,000 beginning January 2018. Bill Eltringham recommended removing the Park Fund, which is no longer needed and has a balance of \$5,387.99. Ken Airola stated that now that a Quit Claim has been signed we can move those funds. It was recommended to put this item on a future agenda for motion. Elaine noted that we budgeted \$85,000 for UWPA annual contribution and we have never been billed and asked if these funds are going to be needed by UWPA. Michael Minkler stated that UWPA was hoping they may not need these funds, but they do not know yet and will have to get back to us.
- 4.d BALANCE SHEET & INCOME STATEMENT. The January 2018 Financial Report was included in the agenda packet for review. Elaine reviewed the report and reported the year to-date net income as of January 31, 2018 is \$329,481.18. Elaine also noted that the net difference of our cash and reserve accounts to our long term debts as of January 31, 2018 is a positive \$711,078.33.

OLD BUSINESS:

- 5.a FOLLOW-UP ON REQUEST TO REVISIT REQUEST FOR ANNEXATION FROM DON PADOU FOR PROPERTY AT 612 APPLE BLOSSOM DRIVE, MURPHYS; DISCUSSION/POSSIBLE ACTION Mr. Padou was not in attendance. Discussion ensued regarding this proposed annexation and whether Mr. Padou can utilize one of the neighbor's meters and pumping system for his water and if an agreement needs to be written regarding serving no more than one dwelling without the Board's permission. It was the Board's consensus to notify Mr. Padou that the Board is willing to move forward with possible annexation and Bill Eltringham said he will contact Mr. Padou regarding possibilities on how his water can be served, if approved.
- 5.b REVIEW AND POSSIBLE REPLACEMENT POSITION FOR DISTRIBUTION/TREATMENT; DISCUSSION/POSSIBLE ACTION This item is being brought back to the Board on a monthly basis for review. Bill Eltringham stated that at the present time things are working with Frank Tonetti coming in part-time to help out at the Treatment Plant and recommended carrying on as is for a while. Director Rasmussen asked if we will be covered if something happens and we were to lose an employee and Bill said we will be covered with himself and Frank available to cover the Treatment Plant. Discussion ensued regarding Distribution and Treatment staffing needs and it was recommended to leave this item on the agenda for review. Bill also noted that he had hired Kyle Eltringham as temporary help for the Irrigation project in Douglas Flat and he needed someone quickly and was having a hard time finding available help.
- 5.c FOLLOW-UP ON OBTAINING QUOTES FOR PURCHASE OF POWER VAC UNIT; DISCUSSION/POSSIBLE ACTION This item was tabled from the January meeting. Bill Eltringham reported that he put this item on the agenda to inform the Board of the possible cost of this item and understood that we need to get three bids. Ken Airola stated that the bid process should be done through the newspaper. Discussion ensued regarding the bid process. Bill Eltringham stated that we still have some time and recommended budgeting for this item in next year's budget and we will do the bid process at that time.
- 5.d ACCEPTANCE OF FY 2016-2017 AUDIT BY BRANT JOLLEY, CPA; DISCUSSION/POSSIBLE ACTION The audit was provided to the Board in their January 2017 packets for review. Discussion ensued regarding whether the District should obtain bids for future audits or continue with Bryant Jolley, CPA. It was recommended to have Elaine Urruty obtain bids to review audit costs.

Motion: Director Oneto
Second: Director Rasmussen
Ayes: Directors Chick, Rasmussen, Oneto and Bottomley
Nays: None
Absent: Director Quincy

MINUTE ENTRY. MOTION TO ACCEPT THE FY 2016-2017 AUDIT BY BRANT JOLLEY, CPA.

5.e REVIEW OF POSSIBLE PAYOFF OF ALL POINTS/FIRST SECURITY BANK LOAN; DISCUSSION/POSSIBLE ACTION Elaine Urruty recommended that this loan be paid off to save approximately \$11,500 in interest costs and while the funds are available in our bank account. Elaine noted that payoff was also recommended by our Auditor, Bryant Jolley. Discussion ensued regarding payoff of the loan. Bill Eltringham noted that the expense for the repair of the curtains at the Treatment Plant will cost more than estimated, approximately \$25,000 to \$40,000 plus materials cost and to keep these expenses in mind. It was also noted that we have a rate schedule in place to handle any required increase in payments required by UWPA if REMAT does not go through. It was the Board's consensus to pay off the All Points Loan with First Security Bank. Elaine will get a payoff quote and process payment.

Motion: Director Rasmussen
Second: Director Oneto
Ayes: Directors Chick, Rasmussen, Oneto and Bottomley
Nays: None
Absent: Director Quincy

MINUTE ENTRY. MOTION TO PAY OFF THE ALL POINTS/FIRST SECURITY BANK LOAN IN THE AMOUNT OF \$160,830.79 PLUS INTEREST TO DATE.

NEW BUSINESS:

6.a BACKFLOW TESTING QUOTE FOR 2018 FROM GARETT'S CROSS CONNECTION; DISCUSSION/POSSIBLE ACTION . A copy of the quote from Garrett's Cross Connection was provided in the agenda packet for review. Bill Eltringham noted that Garrett has done our backflow testing for years and is charging the same cost as the last few years and always does a good job. Bill recommended approval of Garrett's quote for 2018.

Motion: Director Rasmussen
Second: Director Bottomley
Ayes: Directors Chick, Rasmussen, Oneto and Bottomley
Nays: None
Absent: Director Quincy

MINUTE ENTRY. TO APPROVE GARETT'S CROSS CONNECTION QUOTE FOR BACKFLOW TESTING FOR 2018 AT \$30 PER BACKFLOW INSPECTION.

6.b KYLE SPENCE 6 MONTH EVALUATION & APPROVAL OF HEALTH BENEFITS; DISCUSSION/POSSIBLE ACTION Director Chick reported that this item was put on the agenda because HR needed approval from the Board to start the enrollment process for Kyle's health benefits that he becomes eligible for, March 1, 2018, the end of his 6 month probation period. Bill Eltringham recommended approving Kyle's passing of his 6 month probation period and said Kyle has been doing a good job. Discussion ensued and the Board requested a written 6 month evaluation of Kyle from Bill Eltringham. It was the Board's consensus to approve Kyle's health benefits effective March 1, 2018. Elaine Urruty informed the Board that when checking into enrolling Kyle into health benefits she has found that there are new rules

and changes to our contracts on each of our health benefits and we need to update our employee policy to adhere to those new rules. Cal PERS health contract says we must now enroll new employees the 1st of the month following employment, Anthem Dental says we must enroll within 1 to 3 months following employment and USA Vision enrolls per our request; therefore, we need to update our policy as soon as possible so that we comply with these rules. Elaine reminded the Board that we found that we had to enroll Kyle in Cal PERS retirement benefits immediately upon employment and there is no probationary period allowed with retirement benefits. Elaine is still working on fixing Lisa Biedinger's Cal PERS contributions to adhere to our contract and finally has someone in the contracts department working on this for us, as we have to correct Lisa's retirement contributions for her first six months of employment. Elaine will report on this once Cal PERS calculates the contributions and gets back to her on our total cost. Discussion ensued regarding 6 month probation periods.

Motion: Director Bottomley
Second: Director Rasmussen
Ayes: Directors Chick, Rasmussen, Oneto and Bottomley
Nays: None
Absent: Director Quincy

MINUTE ENTRY. TO APPROVE HEALTH BENEFITS FOR KYLE SPENCE EFFECTIVE MARCH 1, 2018.

REPORTS:

7.a HWY 4 CORRIDOR ADHOC COMMITTEE REPORT. Michael Minkler reported that Jeff Crovitz, Calaveras County Public Works Director, and one of his staff attended and there was some good conversation regarding coordination of water agencies and the county in regards to projects, etc. Michael said this was a good discussion and took up the majority of the meeting.

Next Hwy 4 Corridor meeting is scheduled for Thursday, April 5, 2018 at 4:00 PM at the Angels Fire Station, 1404 Vallecito Rd, Angels Camp with host Dave Myers.

7.b UWPA REPORT. Michael Minkler reviewed the REMAT application status for the Murphys Powerhouse and that the application cannot be accepted by PG&E until the PUC approves the new tariff for REMAT to be consistent with AB 1979. PG&E altered and sent revisions, which should not have been in the tariff, to PUC which delayed the process and PUC sent revisions back to PG&E and this delayed our application being accepted in November. In December the Federal Court shut down the REMAT program and issued an injunction in response to a lawsuit from a small solar project saying that REMAT does not comply with Federal Statute that regulates rate setting for electric utilities. The Angels Powerhouse is already in REMAT and this will not affect that contract; however, no new REMAT applications can be accepted. Since this has happened, UWPA has reached out to PUC and the solar company that filed the lawsuit, Winding Creek Solar, to try and find a way around the injunction. UWPA and six other entities submitted declarations in support of the PUC request for a stay of the order. The judge still has not made a final ruling in regards to the stay, but it does not look good; however, he was concerned with the harm it would do to those that submitted the declarations. At the

hearing, the judge asked Winding Creek Solar and the seven entities to work on an agreement to allow those projects to move forward and gave one week to work on this agreement. Originally Winding Creek Solar was okay with this agreement, then later decided they were not in agreement with allowing the projects. UWPA last week then submitted a request for a filing to make a case to the judge on our project alone and we have not received a ruling on this filing. The next step would be the PUC requesting a stay from the ninth circuit, which could take years. So at this time, the best case scenario would be if the judge stays the injunction or does a carve out of the injunction, Murphys powerhouse could then potentially be in the REMAT by May 1st. If not, the next option would be whether or not we get a stay from the ninth circuit and hopefully not waiting for a decision on appeal, which could take years. In the meantime, we are getting the income from the Angels powerhouse to help out, but Murphys powerhouse would be the big money maker on the REMAT program. Discussion ensued regarding REMAT program and income amounts UWPA is currently generating at the powerhouses. Michael said he hopes to have more information regarding the REMAT by the next UWPA meeting.

Michael reported that UWPA is currently having an outage to do work at the Angels powerhouse to replace some of the relays and to do some work on a processor at Murphys powerhouse. The crew is taking advantage of this outage to replace some footings on the system. UWPA lost an employee recently and have an opening for an operator at the present time. UWPA is also in the final stages of negotiation with Natel Energy to put a new generator at the Murphys Afterbay and hope to have an agreement for the Board to look at for our next meeting. This should be a good agreement for ½ the cost, with Natel subsidizing the costs. They will pay for the whole project up front and then they will get paid back ½ the cost through revenue income from the generator.

Michael informed the Board that CCWD is currently preparing its Local Hazard Mitigation Plan update using a consultant at the cost of \$30,000. This plan, if you have one, gives you access to potential pre-hazard mitigation grants from FEMA. Michael said this piqued his interest because of some areas they could utilize these types of funds and you cannot get these funds without the plan. You can do multi-agency Local Hazard Mitigation Plans and currently City of Angels has piggybacked on the County's plan. Michael said that in talking with Dave Myers, Dave said it would make sense for our three agencies, COA, UWPA and UPUD to partner on a multi-agency plan. We could potentially educate ourselves and do most of it on our own. This would then make our agencies available for FEMA funds. Discussion ensued regarding the plans and costs involved and where these funds could be utilized. If you don't have a Local Hazard Mitigation Plan, you can only replace damage to infrastructure as it was; but, when you have a plan, you can make improvements to the infrastructure.

Michael also reported that he will have a resolution at the next UWPA Board meeting in opposition of SB 623, which is for a proposed water tax. This proposed tax would have to be collected by the water districts and paid to the state and the state would use the money to fund infrastructure projects for disadvantaged communities. Discussion ensued regarding the proposed SB 623 and the precedence it would set for possible future taxes being added to water users.

Next UWPA meeting is scheduled for Tuesday, February 27, 2018 at 5:30 PM at the UWPA office in Angels Camp.

7.c LAFCO REPORT. There was nothing to report.

The next LAFCO meeting is scheduled for Monday, March 19, 2018 at 6:00 PM at the Calaveras County Board of Supervisors Chambers in San Andreas.

7.d IRWMP/CRG. There was nothing to report.

7.e DISTRICT MANAGER'S REPORT. Bill Eltringham reported the Douglas Flat Irrigation Line project is completed and back in service and the project went very smooth. The crew will be working on fixing leaks in the old line in the next few days. Bill said he expects the cost to be under \$30,000 & will report once he has all the invoices and total the costs. Bill reported that the repair to the curtains of the 2M gallon tank is going to cost more than anticipated. There are four baffles in the tank to make the water circulate and the first curtain failed and in order to do the repair, they will need to fill the tank as full as possible and use divers to pull the cable out and replace with new cable to repair the curtain. Bill said they will be replacing with 316 stainless steel cable. Bill also reported that they will be taking the filters off and to clean them this month. Bill said he may keep Kyle Eltringham on to assist on these projects for a while. Bill said they also will start working on the annual flushing of the lines this next month to help with the THMs. Bill said he needs to check with Gary Ghio on where we are at on the backwash project grant. Weber, Ghio is in the process of requesting an extension and rewriting the grant proposal to go through the irrigation lines. Bill said in the meantime, he has called an agency that does aeration programs on a month to month basis, but they are very expensive and not feasible, so he is looking into other options. Discussion ensued on the need for aeration and meeting the THM levels.

Bill stated that he missed the last meeting and would like to revisit the possibility of payment plans for irrigation connection fees that was denied at the last meeting. Bill is concerned we will be prohibiting people that can't afford the upfront connection fee that could be connected and using irrigation water and paying more income to the district. Discussion ensued regarding four requests for payment plans, the time involved to process by office staff and precedence this would set and whether to revisit this item. It was the Board's consensus to bring this item back to a future agenda after Bill meets with the applicants to see how many applicants would require plans.

7.f OFFICE MANAGER'S REPORT. Elaine Urruty reported that the quarterly and annual payroll taxes, W2s, and 1099s have been done. LAIF calculations and transfers were completed. End of year GASB posting correction to balance to audit will be completed this month. The Worker's Comp Audit was postponed to March by Farmer's Insurance, but the preparation is complete. Elaine will be working on data for our annual report and also working with Bill on School Lead testing paperwork. Elaine will also be working on HR insurance issues to complete Kyle's enrollment with each agency and she has confirmed that Joe Darby has been removed. Elaine would also like to do a recap on our budget as soon as possible.

- 7.g IRRIGATION COMMITTEE. There was nothing more to report.
- 7.h PERSONNEL COMMITTEE. Director Chick stated that we need to get Kyle's 6 month evaluation completed. Discussion ensued regarding Jason Eltringham's 90 day probation period ending and whether we can extend this probation per Bill Eltringham's recommendation and the costs for testing. It was recommended by Elaine Urruty that since Jason's probation has ended and he adhered to the requirements, we cannot extend his probation and the District should do a final evaluation and inform Jason where he stands and in the meantime we can get the District on a random drug testing policy for all employees or just employees in Treatment & Distribution, whichever the Board wants. Ken Airola concurred that we cannot extend Jason's probation period since he complied. Lengthy discussion ensued regarding these issues and it was the Board's consensus to evaluate and meet with Jason regarding the end of his 90 day probation and directed Elaine to gather sample drug policies for the Personnel Committee's review. Elaine stated she has some policies samples already and will get a couple more for the Personnel Committee's review so they can draft a policy to bring back to the Board at the next meeting.
- 7.i BUDGET/FINANCE COMMITTEE. There was nothing to report.
8. **Closed Session was cancelled.**
- a. Public Employee Discipline/Dismissal/Release, Government Code 54957, Distribution/Treatment Employee.
9. REPORT OF ACTION TAKEN
- There was no action taken.
10. DIRECTORS COMMENTS. There were no Director Comments.
11. NEXT MEETING: Next regular meeting is scheduled for Wednesday, March 21, 2018, at 7:00 PM.
12. ADJOURNMENT. The meeting was adjourned with no further business at 8:39 PM.

Submitted by: _____
Thomas E. Quincy, Secretary

Date: _____

ATTEST:

Elaine M. Urruty

Clerk to the UPUD Board of Directors