

CALAVERAS PUBLIC UTILITY DISTRICT

January 12, 2021

Regular Meeting

7:00 pm

MEMBERS PRESENT: Richard Blood
J.W. Dell'Orto
John Lavaroni
Scott Speer (*at 7:21)

STAFF PRESENT: Donna Leatherman, General Manager
Adam Brown, Legal Counsel
Matt Ospital, District Engineer
Tyla Daries

1. ROLL CALL AND PLEDGE OF ALLEGIANCE: The regular meeting was called to order by President Dell'Orto at 7:04 P.M. Directors Dell'Orto, Lavaroni and Blood were present. Director Speer was absent.

2. OATH OF OFFICE – Director Joshua Wayne (J.W.) The oath of office was administered to Director J.W. Dell'Orto, having been appointed to a new term as Director following the November 2020 election.
(At 7:28, Director Speer arrived at the meeting and completed his oath of office.)

3. RESOLUTION 2021-1 RESOLUTION ACCEPTING THE CANVASS OF THE PRESIDENTIAL GENERAL ELECTION HELD ON NOVEMBER 3, 2020 PURSUANT TO DIVISION 15 CHAPTER 4 OF THE ELECTION CODE: A motion was made by Director Lavaroni, seconded by Director Speer, to accept Resolution 2021-1, Accepting the Canvass of the Presidential General Election Held on November 3, 2020, Pursuant to Division 15 Chapter 4 of the Elections Code. A roll call vote was taken. Directors Lavaroni, Blood and Dell'Orto voted yes; none opposed. Motion carried 3-0.

4. PUBLIC COMMENT (Limit 3 minutes per person/15 minutes per subject): None

5. APPROVAL OF CONSENT CALENDAR:

a. Minutes for Regular Meeting of December 8, 2020: A motion was made by Director Lavaroni to approve the minutes of the December 8, 2020 regular meeting of the Board of Directors. Director Blood stated he had comments on item #9b of the minutes, stating that he would like the minutes amended to reflect his statement “this should have been addressed after the 2018 inspection and that a plan was needed *to operate without the clearwell in service*”. Director Lavaroni amended his motion to include Director Blood's proposed revision to the minutes, seconded by Director Blood. A roll call vote was taken. Directors Lavaroni, Blood and Dell'Orto voted yes; none opposed. Director Speer (who had arrived during the item) abstained. Motion carried 3-0-1 abstain.

*President Dell'Orto returned to Agenda item number 2, Oath of Office, and the oath of office was administered to Director Scott Speer, having been appointed to a new term as Director following the November 2020 election.

b. System Totals Report for December 2020: A motion was made by Director Lavaroni, seconded by Director Speer, to accept the Directors Report for December 2020 as presented. A roll call vote was taken. Directors Blood, Speer, Lavaroni and Dell'Orto voted Yes; none opposed. Motion carried 4-0.

c. Maintenance Report for December 2020: A motion was made by Director Lavaroni, seconded by Director Speer, to accept the Maintenance Report for December 2020 as presented. Director Lavaroni observed that the roofing repairs were completed just in time. Director Speer asked about the engine replacement on the District 2016 Ford, and the General Manager reported that the engine replacement was under warranty. A roll call vote was taken. Directors Blood, Speer, Lavaroni and Dell'Orto voted yes; none opposed. Motion carried 4-0.

d. Water Report for December 2020: The report was presented to the Board. A motion was made by Director Lavaroni, seconded by Director Speer, to accept the water report for December 2020 as presented. A roll call vote was taken. Directors Blood, Speer, Lavaroni and Dell'Orto voted yes; none opposed. Motion carried 4-0.

6. FINANCIAL BUSINESS

a. Approval of Claim Summary #747: A motion was made by Director Lavaroni, seconded by Director Speer, to approve Claim Summary #747 in the amount of \$470,952.19. Director Blood requested that the general ledger account number be included on future billing reports. A roll call vote was taken. Directors Blood, Speer, Lavaroni and Dell'Orto voted yes; none opposed. Motion carried 4-0.

b. Review of Updated Salary Structure: The updated salary structure was provided to the Board, which reflected the update approved at the December 2020 Board meeting. An error was noted on the Administrative Account Assistant position previous salary range. Director Blood requested that the previous range for the position also be shown and that it be updated on the website. The General Manager stated she would correct the structure to show the reflected changes. This item was for informational purposes only.

7. RESOLUTION 2021-2: RESOLUTION OF APPRECIATION HONORING CLIFFORD OVERMIER: A motion was made by Director Lavaroni, seconded by Director Blood, to approve Resolution 2021-2, a Resolution of Appreciation Honoring Clifford Overmier. The General Manager expressed her appreciation for former Director Overmier and his dedicated years of service and his contributions to the District during his time on the Board. the Board concurred. A roll call vote was taken. Directors Lavaroni, Blood, Speer, and Dell'Orto voted yes: none opposed. Motion carried 4-0.

8. CONSIDERATION OF AMENDED AND RESTATED DISTRICT ENGINEERING SERVICE AGREEMENT -WEBER, GHIO AND ASSOCIATES, INC.: The General Manager briefed the Board on the amendments. Adam Brown, District Legal Counsel, also stated that language was included at the end of the agreement which will be included in future District agreements with contractors and service providers. A motion was made by Director Speer, seconded by Director Lavaroni, to approve the Amended and Restated District Engineering

Service Agreement -Weber, Ghio and Associates, Inc. Director Blood had concerns with the Engineering Service Agreement Article II.B. regarding the payment schedule and including the monthly statement with the claim summary items. He also stated that payment to the Engineer was made prior to Board approval, which the General Manager clarified. Additionally, Director Blood was also concerned about cost estimates on Article II.C.; the reference to cost overruns and the method of notification to the Board which occurred on the Court Street Project. Clarification was requested on who should be notified on project cost overruns and the date when District was notified. Additionally, Director Blood requested that legal counsel clarify Article X.C., Attorney Brown explained that the provision permitted execution of the document in counterparts, such that duplicate original signature pages could be used (as opposed to having all signatories sign the same page). Director Blood inquired about Article X.E. Amendments, asking if only the Engineer and General Manager are permitted to sign amendments or if another party should be involved, and also requested clarification of Article X.I. District Legal Counsel responded and clarified the process. A roll call vote was taken. Directors Lavaroni, Blood, Speer, and Dell'Orto voted yes; none opposed. Motion carried 4-0.

9. DISCUSSION/ACTION – CLEARWELL TANK PROJECT

Consideration of Recommendation Project Scope Alternative #1 – The General Manager briefed the Board on the memo provided by the District Engineer, which included efforts by staff to support the tank evaluation process. The General Manager introduced Mathew Ospital and Tyla Daries from Weber Ghio and Associates., Inc. to discuss the Memorandum regarding the Clearwell Tank Project.

Matt Ospital, District Engineer assured the Board of the project priority, and discussed the two alternatives which had been developed to repair and/or replace the clearwell tank. Alternative #1: Repair the existing clearwell. The scope of this project would include the use of the Rail Road Flat tank system, temporary water storage, installation of additional pipeline, valves, and all repairs to the existing Clearwell to bring it up to current standards. A drawing illustrating this alternative was presented, including a cost estimate of \$2,000,000 for Alternative #1. A request for questions regarding this alternative was made. Director Blood inquired about the size of the storage tanks, and Director Lavaroni inquired if above-ground pipe was considered for the pipeline on West Forty Road, as well as concerns of cost, rental and property acquisitions. This was further discussed and clarified. Director Speer inquired about the life expectancy of the tank if repairs were completed. Ms. Daries explained the condition of the coating on the walls, floor, and unknown corrosion under the existing coating of steel and how new coating would impact the repairs. There are many unknowns regarding the full extent of the tank's existing condition once is out of service. Director Blood inquired about the alternatives and what would happen to the existing Clearwell. There was also general discussion regarding the cost to remove the existing Clearwell. Director Blood also inquired about the District's other tanks mentioned in previous reports, which indicated tank refurbishments at all District tanks. Clarification was provided that the SRF planning grant includes existing Clearwell repairs.

Matt Ospital presented Alternative #2, which is to build a new Clearwell and continue to operate the existing Clearwell while building the replacement. Once the existing Clearwell is out of service, it will provide an opportunity to clearly evaluate the condition to make recommendations for repairs, replacement, or removal of the existing Clearwell. Director Blood inquired about

the location of the proposed new tank and other sites that were evaluated. Mr. Ospital walked the Board through a drawing depicting the site and discussion of the alternates continued regarding grading, piping, location, and options for the existing Clearwell. Ms. Daries explained the different tank sizes, and that it was determined best to build a new tank, and the existing Clearwell project is included in the Planning Grant application that could be further evaluated. This alternative involved no temporary storage or water lines. Operations would continue as they are until a new tank would be built. The cost for this option is estimated at \$1.5 million. The District Engineer's recommendation to select Alternative #2 was made to the Board. Director Speer stated the cost is much less than Alternative #1 and discussed the schedule for both options. The General Manager also added the various reasons that make Alternative #2 a more suitable option for the District, both in terms of cost and operations. Director Blood again inquired about running the plant and was concerned with the Rail Road Flat tank option. Ms. Daries explained that the flow at the plant breaks the logic of the current operation and is rather burdensome on staff and operations at the water treatment plant. It was further explained how this affects the operation throughout the system. Director Blood asked that the presentation be sent to the Board members. Director Lavaroni asked the Engineering staff if material and services would be delayed due to impacts of COVID-19. Engineering staff indicated there would likely be an impact. Vendors have indicated that the schedule was not a concern, but the materials needed for the job will have to be determined. After discussion concluded, the District Manager confirmed that it was staff's recommendation to proceed with Alternative #2 to build a new Clearwell next to the existing Clearwell. A motion was made by Director Speer, seconded by Director Lavaroni, to select Alternative #2. A vote was not taken on the motion pending discussion of the funding source for the project.

a. Consideration and Approval of Funding Source -

Director Dell'Orto requested that the Board and staff discuss funding prior to the final vote. Director Blood asked how this would affect financing in the near future. Director Lavaroni stated that the District has reserves for a reason and that this project justified use of District reserves. Director Blood was concerned about current spending. A slide was presented, and the General Manager discussed the funding options from USDA, the State Revolving Funds, and the California Special District Association (CSDA) Financing Corporation. Discussion with USDA representatives suggested that that source of funding should be used as a last resort. The State Revolving Fund Construction application is also a lengthy process and there are no guarantees of funding. Additionally, concern was expressed that the approval process would likely surpass the length of the project completion, such that funds would not be available when needed. Reimbursement from SRF was discussed if an application was submitted. The General Manager recommended that the District seek a loan to allow for the District to continue to move forward with the project. There was further discussion regarding reimbursement from the State. The General Manager requested direction regarding the funding method to be pursued. Director Blood inquired about environmental work and exemptions under CEQA. This was addressed by Mr. Ospital and Ms. Daries, who indicated that environmental review would come under their scope of work. Director Speer discussed his experience regarding grading and CEQA exemptions and process. Discussion continued regarding environmental and grant options. Director Lavaroni inquired about the loan options. The General Manager discussed the options obtained from CSDA at 2.75% for a loan with a twenty-year (20) term. Director Dell'Orto stated that the option of a CSDA loan and use of reserves until funding is available

would work for the District. The Directors discussed the use of reserves, funding approval and loan requests. The term sheet provided by CSDA would start the process for possible funding.

Director Lavaroni made a motion to approve Alternative #2 for a new 0.5 Steel Welded tank. It was noted that the motion was made for the Clearwell Tank Alternative. Director Blood was concerned about the current engineering expenses and that he was unaware what project the District is working on referencing item #13c of the engineering memo. He requested clarification on the plotting of easements which were related to support modeling. Director Blood was unaware of additional funds spent on the modeling project, stating that the modeling project should be halted. The General Manager disagreed, stating the importance of continuing the modeling efforts.

Director Dell'Orto stated there was a motion and second for Alternative #2 to replace the Clearwell Tank and requested a vote. The District Engineer sought clarification on the funding options. Director Dell'Orto explained that District reserves would be used to initiate the project and loan funding would be pursued from CSDA Financing Corporation to reimburse the reserve fund. Director Speer restated his motion to approve Alternative #2 to build a new Clearwell tank, Director Lavaroni seconded the motion. A roll call vote was taken. Directors Speer, Lavaroni, and Dell'Orto voted yes; Director Blood voted no. Motion carried 3-1-0.

A motion was made by Director Lavaroni, seconded by Director Speer, to use existing reserves to initiate the project, and allow the General Manager to seek a loan for \$2,000,000. A roll call vote was taken. Directors Lavaroni, Speer, and Dell'Orto voted yes; Director Blood voted no. Motion carried 3-1-0.

b. Consideration of Resolution 2021-3, Authorizing Resolution – Clearwell Tank Project. The General Manager reported that this resolution is a requirement of the SRF Construction application packet. A motion was made by Director Lavaroni, seconded by Director Speer, to accept the Authorizing Resolution. Discussion continued regarding previous action stating that SRF funds would not be used due to environmental requirements from the State. Ms. Daries explained the risk of the state environment review process. Director Lavaroni rescinded his motion on Resolution 2021-3. Director Lavaroni requested legal assistance on this item. As no further motion was made on this item, no Board action was taken.

10. UPDATE: 2019 FEMA STORM DAMAGE PROJECTS:

a. Project Close Out: The General Manager reported that the staff is working on the project close out with FEMA, and once completed will provide the Board with a recap of the project and cost.

11. UPDATE: STATE REVOLVING FUND (SRF) PLANNING GRANT APPLICATION FOR WATER TREATMENT PLANT IMPROVEMENT PROJECTS: The General Manager reported on a response to request for information from the State. It was further recommended that a committee be established to work on the projects included in the application packet and developing and expanding the project list. Director Lavaroni reported he would like to be on the committee. Director Blood offered to be on the committee as well. Director Dell'Orto then

formed an ad hoc committee for the purpose of reviewing the Water Treatment Plant Improvement Project and appointed Director Lavaroni and Director Blood to the committee.

12. STAFF REPORTS

a. General Manager's Report: The General Manager provided an overview of current work projects.

Legal Counsel Report: Adam Brown, District Legal Counsel stated that his report was covered under previous agenda items.

b. Engineer's Report: Matt Ospital reported nothing further beyond the memorandum and presentation, and that they are looking forward to working on the Clearwell Tank project.

13. BOARD MEMBERS' REPORT

a. Director Lavaroni – LAFCO Meeting Reminder (1/24/21) Director Lavaroni reported that it was on his calendar.

b. Director Blood – UMRWA Meeting Reminder (1/22/2021) Director Blood reported that he will attend the January meeting, which will be remote.

c. Other Board Member Comments: None.

d. Reminder of Annual FPPC Filing of Form 700: The General Manager reported that an email with the filing requirement and website link was sent to each Board member. The deadline for filing is April 1, 2021. Director Speer requested clarification on filing multiple forms for different agencies.

14. CLOSED SESSION

a. Public Employee Performance Evaluation General Manager (Government Code §54957(b)(1))

Director Dell'Orto stated that there will be no closed session due to the remote meeting, and further stated that this topic would be discussed with legal counsel. Attorney Brown added that given remote meetings would continue, it would be more suitable to conduct the General Manager's evaluation in a special meeting of the Board. Director Dell'Orto stated that a date could be scheduled.

15. ADJOURNMENT (Next Regular Meeting January 12, 2021 at 7:00pm) As there was no further business to come before the Board, a motion was made by Director Lavaroni, seconded by Director Speer, to adjourn the meeting. The General Manager requested that the Board President schedule a special meeting for the General Manager Evaluation. The General Manager further stated that the request and response had not been addressed in a timely fashion. Director Lavaroni agreed and requested that the President call a special meeting for the purpose of conducting the evaluation of the General Manager. A motion was made by Director Lavaroni to adjourn the meeting, seconded by Director Speer. The motion carried 4-0. The meeting adjourned at 9:44.

Respectfully Submitted,



Donna Leatherman, General Manager