

**REGULAR BOARD MINUTES  
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

<b>Meeting</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
Regular	Zoom Meeting	September 3, 2020	4:30 p.m.

**I. CALL MEETING TO ORDER:** The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Murdock presiding at 4:30 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: President John Murdock, Vice President Will Dickinson, Director Jim Williams, Director Vic Markey, Director Jerry Mitchell

Absent: None

Vacant: None

Staff: Adam Brown, Legal Counsel  
Herb Niederberger, General Manager  
Carie Huff, District Engineer  
Eric Nielsen, Superintendent  
Emilie Costan, Administrative Services Manager

**III. PLEDGE OF ALLEGIANCE:** Director Mitchell led the Pledge of Allegiance.

**IV. CONSENT ITEMS:**

1. MINUTES from the August 6, 2020 Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$1,870,936 through August 26, 2020.
3. BILL OF SALE for Sewer Improvements within Sierra Pine, with an estimated value of \$2,939,708.

Director Williams asked for clarification on the Sierra Pines Bill of Sale and the inconsistent number of manholes. DE Huff acknowledged the correction and clarified there are twenty-seven manholes.

Director Mitchell asked about the payment made to Express Sewer and Drain. DS Nielsen shared that this was the contractor used for the Cured in Place Pipe (CIPP) Liner Project. President Murdock asked about the payment made to the City of Foster City. ASM Costan shared that Foster City hosts the CalOpps platform used by the District for job recruitment postings.

Director Williams made a motion to approve the consent items; a second was made by Vice President Dickinson; a roll call vote was taken, and the motion carried 5-0.

## **V. PUBLIC COMMENTS:**

President Murdock opened the meeting for public comments on items not on the agenda. ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

## **VI. BOARD BUSINESS**

### **1. RESOLUTION #20-24 AUTHORIZATION TO EXECUTE CHANGE ORDER #6, #7, #8, #9 AND #10 TO THE CONTRACT FOR FOOTHILL TRUNK SEWER REPLACEMENT PROJECT**

DE Huff presented the proposed change orders to the Foothill Trunk Sewer Replacement Project. She shared that to date there have been approximately \$114,000 in change orders. Changes are due to unforeseen field conditions. Change orders six through ten include removal of asbestos pipe and additional rock excavation, bringing the total project cost to \$3,187,007.

Director Markey asked for an update on the percentage of the project that has been completed. DE Huff shared that about 80% of the pipe has been installed. Vice President Dickinson asked when the majority of the impacts to the residents to be over. DE Huff shared that she is anticipating the pipe restoration and planting to be wrapped up mid-October. Vice President Dickinson also asked about the completion of the bypass at El Don. DE Huff shared that she anticipates that portion of the project to be completed in three weeks. The bypass is moving up the alignment and will be the last large impact to the residents in that area.

Director Mitchell asked if there will be work completed on the other side of El Don. DE Huff shared that the District is tying into the existing system on the other side of El Don. The pipe is 15" across El Don. Director Mitchell asked for an update on the existing fencing. DE Huff shared that staff reached out to the City of Rocklin who let the District know that the fence is the responsibility of the Homeowner's Association. She is still following up on this issue.

Director Williams shared that change orders currently stand at 11%, exceeding the 10% contingency and the last two projects have had change orders beyond what was anticipated. He suggested that the District reexamine how we plan for these unanticipated impacts in Rocklin.

Director Williams made a motion to approve Resolution 20-24 Authorizing the General Manager to Execute Change Orders 6, 7, 8, 9, and 10; a second was made by Director Mitchell, a roll call vote was taken, and the motion carried 5-0.

### **2. RESOLUTION #20-25 AUTHORIZATION TO EXECUTE ADDENDUM 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH 347 GROUP FOR MONITORING SERVICES ON THE FOOTHILL TRUNK SEWER REPLACEMENT PROJECT**

GM Niederberger introduced the Addendum to the Professional Services Agreement with the 347 Group who is reviewing the cultural artifacts per the District's Army Corp of Engineer's permit in coordination with the United Auburn Indian Community (UAIC). DE Huff added that the District is obligated to provide for monitoring services during ground disturbing activities on land sensitive

to the tribe. Addendum 2 adds \$20,000 to the agreement bringing the total contract amount to \$60,000 which should cover remaining ground disturbing activities. Additionally, DE Huff shared that the District is working on an agreement with UAIC to memorialize the locations for monitoring services and provide a clear pathway for the reinternment of artifacts found on the site.

Vice President Dickinson made a motion to approve Resolution 20-25 Authorizing the General Manager to Execute Addendum 2 with the 347 Group for Monitoring Services on the Foothill Trunk Sewer Replacement Project; a second was made by Director Williams; a roll call vote was taken, and the motion carried 5-0.

### **3. RESOLUTION #20-26 CALIFORNIA EMPLOYERS PENSION PREFUNDING TRUST (CEPPT)**

ASM Costan gave a brief presentation on District participation in the California Employee's Pension Prefunding Trust (CEPPT) which is similar to the California Employee's Retirement Benefit Trust (CERBT) the District has been participating in since 2008. The CERBT account is used to fund retiree health care expenses, while the CEPPT account is used to fund pension expenses. The District's CERBT account has performed very well during the time that the District has been participating in the Trust realizing investment earnings of 3.13M on the 2.16M contributed. ASM Costan shared that a CEPPT Trust can be utilized to earn higher investment returns to help fund growing pension expenses. The Fee & Finance Committee has meet on this item and recommended investment of the \$3M in funds included in the fiscal year 20/21 Budget into CEPPT Strategy 1.

ASM Costan shared that Resolution 20-26 was amended by staff to modify Item 1 of the recommendation to read: The Board President and/or General Manager is authorized to enter into the attached Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan. This change is due to language in the agreement.

President Murdock asked what the administrative fees are on the trust. ASM Costan shared that the annual expense ration is 0.25%. Director Mitchell asked when the District will have zero unfunded pension liability. ASM Costan shared that per the current amortization schedule, the unfunded liability will continue to grow through 2025 with employer payments expected to increase through 2031 before falling off around 2044. Director Williams commented that the CERBT fund has performed very well and the Trust will provide budgetary flexibility to the District to cover these expenses.

Vice President Dickinson made a motion to approve Resolution 20-26 California Employee's Pension Prefunding Trust (CEPPT); a second was made by Director Williams, a roll call vote was taken, and the motion carried 5-0.

### **4. STRATEGIC PLAN REPORT FOR FY2019/20**

GM Niederberger presented the update of the District's progress report on the Strategic Plan.

Vice President Dickinson asked about Goal 3.1c Create a Quality Control Process for County/City/Town Projects and this item not being scheduled to begin yet. GM Niederberger

shared that outreach has occurred but there is still work needed to complete a formalized quality control process. DE Huff shared that staff has initialized development coordination and utility coordination meetings that occur every other month. The District is looking to create MOUs with our partner agencies to address shared uses, emergency planning, and other items.

Director Mitchell asked about Goal 4.1a Use Consultants to Establish a Regulatory Compliance Program. He asked about the role of the new Regulatory Compliance staff member. GM Niederberger shared that the District has transitioned many responsibilities to the new Regulatory Compliance and Safety person. DS Nielsen added that a consultant, Core Safety, audited the Districts safety program last year and the new staff member has been using the feedback from the consultant to focus his efforts on improvements. Director Mitchell also asked for clarification on the meaning of the acronym OERP. DS Nielsen shared that it stands for Overflow Emergency Response Plan which is a written document that dictates how we respond to Sewer Service Overflows (SSOs).

No action was requested – informational item.

## **5. COVID-19 PANDEMIC ILLNESS**

GM Niederberger provided an update on District operations in response to the COVID-19 outbreak. He shared some of the economic impacts that the District is now seeing which include a reduction in sewer participation fees and an increase in the receivables that are in arrears. Two large commercial customers represent \$27,000 of the \$57,000 outstanding balance in past due accounts receivable. Additionally, at the end of the year gas prices were down and field staff was on staggered work schedules. The District is now seeing higher gas expenses in the new fiscal year from a rise in prices and staff driving separate vehicles.

GM Niederberger showed the new State Covid-19 website: [covid19.ca.gov/safer-economy](https://covid19.ca.gov/safer-economy). The site has new criteria for allowable operations by County. Cases need to remain below designated rates for a minimum of three weeks for a County to change levels.

ASM Costan gave an overview of President Trump's Social Security Payroll Tax Deferral which defers Social Security Taxes from September 1, 2020 through December 31, 2020 and requires repayment from January 1, 2021 through April 30, 2021. Employers are ultimately responsible for repayment of the taxes and may be subject to interest and penalties for non-payment of any deferred taxes. Current guidance indicates that participation in the deferral program is the decision of the employer. ASM Costan asked for input from the Board on whether or not the District should participate. Director Williams shared that he does not believe the District should participate. Vice President Dickinson agreed with this position. Director Mitchell shared that he does not want to create negative future liabilities for District employees.

Director Mitchell asked if customers will be responsible for paying late fees incurred during the District's waiver of the fees. GM Niederberger responded that the District will only charge late fees that are incurred after October 1 and would not go back and collect late fees that would have been assessed during the waiver period. ASM Costan shared that the revenue loss in the last quarter from the waiving of late fees was approximately \$35,000, and the District is anticipating

similar loss from continuing to waive the fees in the first quarter of this fiscal year. GM Niederberger shared that late fees are used to subsidize the Low-Income Rate Assistance Program. The District collected adequate fees in fiscal year 19/20 to cover the costs of the program and anticipate adequate late fee revenue to the fund the program in fiscal year 20/21. Director Markey asked how many people are utilizing the Low-Income Rate Assistance Program. ASM Costan shared that she believes around three hundred customers are participating. Director Williams shared that he believes the late fee waiver should be suspended in October and any future waivers should be based on customers applying.

No action was requested – informational item.

**6. RESOLUTION #20-27 REQUESTING THAT APPOINTMENTS ARE MADE BY THE PLACER COUNTY BOARD OF SUPERVISORS FOR WARDS #1, #4 AND #5 ON THE SPMUD BOARD OF DIRECTORS IN LIEU OF AN ELECTION**

ASM Costan shared that the District has three wards that have expiring terms this year: Wards 1, 4 and 5. Both Director Mitchell (Ward 1) and Director Williams (Ward 5) filed paperwork with Placer County. No other candidates filed, and both candidates are qualified to be appointed in lieu of election by the Placer County Board of Supervisors.

ASM Costan shared that due to the Coronavirus, Director Markey (Ward 4) did not file paperwork with Placer County and no other candidates filed, including during the extended filing period. Director Markey expressed to the General Manager his commitment to remain on the Board of Directors. Additionally, a letter of interest and resume has been circulated to the Board of Directors from Jim Durfee, a resident of Ward 4. The Placer County Board of Supervisors has delegated appointment recommendation to the SPMUD Board.

Staff recommended that the item be split into two separate resolutions; one recommending appointment of Director Mitchell and Director Williams in lieu of election and a separate resolution recommending appointment to Ward 4.

General Counsel Brown added that under the CA Election Code the Board of Supervisors is the appointing authority. When a candidate files paperwork and runs unopposed the Board of Supervisors must appoint the candidate to the position for the upcoming term. When there are no candidates, the Board of Supervisors has the authority to appointment any person of their choosing to the seat. The SPMUD Board can make a recommendation of one of more persons, if they so choose, to the Board of Supervisors which may be given weight; however, any eligible person can approach the Board of Supervisors and seek an interview for the vacant seat.

Vice President Dickinson made a motion to approve Resolution 20-27 Requesting that Appointments are made by the Placer County Board of Supervisors for Wards #1 and #5 on the SPMUD Board of Directors in Lieu of an Election; a second was made by Director Williams, a roll call vote was taken, and the motion carried 5-0.

Jim Durfee spoke. He thanked the Board for their consideration. He shared that he has worked with the Board over the years in his role with Placer County and that it would be a pleasure to work with the Board on behalf of the District.

Vice President Dickinson shared that he worked with Mr. Durfee for almost twenty years at Placer County and feels he would be an outstanding addition to the Board. He shared that Mr. Durfee's qualifications in the sewer business and in government are strong. Vice President Dickinson shared his appreciation for Director Markey's service for the last eight years; however, he supports recommending Mr. Durfee for appointment by the Board of Supervisors.

Director Mitchell shared that Mr. Durfee is very knowledgeable about the business. He shared that one of the roles of the Board is to bring multiple perspectives such as Director Williams' architectural background, Director Dickinson's government background in the sewer business, Director Markey's real estate background, and President Murdock's technical background. He shared that he feels that either candidate would be a good Board member.

Director Markey shared that he has an elderly family member that is ill which made him uncomfortable going door to door to collect signatures. Director Williams shared that someone else could have circulated signatures on his behalf. Director Williams stated that as a matter of course, the Board has generally appointed the incumbent candidate; however, the Board has not had anyone else express interest. He asked General Counsel Brown for clarification on whether the Board can choose not to make a recommendation. General Counsel Brown confirmed that the Board can choose not to make a recommendation or may choose to recommend one or more candidates the Board feels are qualified.

General Counsel Brown clarified that Director Markey is not required to abstain on this item as the resolution is a recommendation and not an appointment. Director Markey shared that he very rarely misses meetings and wished to continue to serve.

Vice President Dickinson made a motion to approve Resolution 20-28 Requesting that the Board of Supervisors of the County of Placer Appoint One of the Following Persons to Serve as Director of Ward #4 of the Board of Directors of the South Placer Municipal Utility District in Lieu of an Election: Victor Markey (Incumbent) or James Durfee; a second was made by Director Williams, a roll call vote was taken with Directors Dickinson, Murdock, and Williams voting Aye and Directors Mitchell and Markey voting No, the motion carried 3-2

## VII. REPORTS

1. **District General Counsel (A. Brown):** General Counsel Brown's reported that he has been working primarily on the Foothill Trunk project regarding the updated agreement with UAIC.
2. **General Manager (H. Niederberger):**
  - A. **ASD, FSD & TSD Reports:**

GM Niederberger shared a request from Vice President Dickinson to suspend the General Manager's evaluation. Vice President Dickinson shared he would like to confer with the Board in closed session to get general direction; however, the Board has conducted detailed evaluations the last couple of years, and Vice President Dickinson would like to focus on the GM contract negotiations this year. President Murdock shared his support. GM Niederberger commented that Closed Session may need to occur prior to Regular Session to allow for General Counsel Brown to do the Closed Session Read out. The last Closed Session held via Zoom occurred at 3:45 p.m.

**B. Information Items:** No additional items.

**3. Director's Comments:**

Director Mitchell shared his appreciation of DE Huff's participation in the Leadership Rocklin program through the Rocklin Chamber of Commerce. He also shared appreciation for the money saved from the consolidation of Flexing Spending benefits. Finally, he shared appreciation for the work done by Field Services to prevent loss time accidents.

Vice President Dickinson shared that the Board received an email from a concerned resident regarding the Foothill Trunk Sewer Replacement Project, and the Board takes these concerns very seriously. He shared that the Board counts on staff to handle concerns appropriately, with all indication being that staff is doing their best to address the concerns.

Director Williams thanked DE Huff and GM Niederberger for the walk-thru at Corona Circle and recommended it to the other Board members so they can see the challenges the residents are facing. He shared that this project is necessary for the District to complete, but he feels sympathy for the affected residents.

President Murdock thanked everyone for their participation in the Zoom meeting. He asked that the Asset Inventory List included in the Bill of Sale be summarized or replaced with a map.

Director Mitchell commented that he had time to explore the GIS public facing web map and was amazed by the amount information available. He thanked President Murdock for managing the Zoom meetings with deft.

**VIII. ADDITIONAL PUBLIC COMMENTS**

President Murdock re-opened the meeting for public comments. ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

**IX. ADJOURNMENT**

The President adjourned the meeting at 5:45 p.m. to the next regular meeting to be held on October 1, 2020 at 4:30 p.m. with a closed session meeting to be held prior at 3:45 p.m.

Regular Board Meeting  
September 3, 2020  
Page | 8

A handwritten signature in blue ink that reads "Emilie Costan". The signature is written in a cursive, flowing style.

Emilie Costan, Board Secretary