

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

Meeting	Location	Date	Time
Regular	Zoom Meeting	July 2, 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, Assistant Superintendent
Emilie Costan, Administrative Services Manager

III. PLEDGE OF ALLEGIANCE: President Murdock led the Pledge of Allegiance.

IV. CONSENT ITEMS:

1. MINUTES from the June 4, 2020 Regular Meeting.
2. MINUTES from the June 4, 2020 Special Meeting.
3. ACCOUNTS PAYABLE in the amount of \$2,590,689.42 through June 24, 2020.

Discussion occurred on consent item 3. Vice President Dickinson asked about the \$277,856.09 payment to the Special District Risk Management Authority (SDRMA). ASM Costan shared that the payment was for the District's Annual Property and Liability Insurance Premiums. The premiums increased substantially from the prior year due to catastrophic losses in the insurance pool. Staff plans to obtain quotes from other available pools prior to next year's renewal. Director Mitchell asked for clarification on the payment of \$52,247.65 made to the Placer County Department of Public Works. ASM Costan shared that the payment was for the reconciliation of the Rodgersdale and Cavitt Ranch Estates Wastewater Treatment costs.

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

V. PUBLIC COMMENTS:

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

VI. BOARD BUSINESS

1. RESOLUTION #20-21 ADDENDUM #5 WITH WATER WORKS ENGINEERS FOR FOOTHILL TRUNK CONSTRUCTION PHASE SERVICES

DE Huff presented Addendum #5 with Water Works Engineers and an update on the Foothill Trunk Project to the Board. The addendum expands the scope of work to include an additional \$50,000 in engineering services and an additional \$80,000 in environmental services.

President Murdock asked about additional complications and rock in the project area. DE Huff shared that the rock, especially in the private driveway, has been difficult to work through and a new rock hammer has been brought on site. Director Williams shared that he understood that the District had prepared for rock in order to reduce the need for change orders. DE Huff responded that the District is covered well in the construction contract and specifications.

Vice President Dickinson asked for the percentage of total project cost paid to Water Works Engineers. GM Niederberger responded that approximately one-fifth of the project cost is attributable to Water Works Engineers. Vice President Dickinson asked if this was high for a typical project. DS Nielsen added that the Water Works scope of services includes engineering as well as archaeological engineers, geotechnical services, and construction management. DE Huff added that there is more \$200,000 in monitoring expenses in the Water Works contract.

GM Niederberger shared that there will be an additional change order for grass pavers to replace the proposed gravel road coming to the Board in the next thirty to sixty days.

Director Markey asked about the reason for change orders due to the rock. GM Niederberger clarified that the contractor is not asking for change orders. The change order is due to the time that it is taking the contractor to work through the rock which is thereby increasing the environmental services and monitoring that is needed.

Vice President Dickinson asked who has authority over what is culturally significant. GM Niederberger shared that originally the District believed that the Army Corps of Engineers had jurisdiction over the culturally significant areas; however, the United Auburn Indian Community (UAIC) is exercising additional oversight due to the adjacent cemetery that has been identified as an ancient burial ground. The District is working on an updated agreement with UAIC regarding the need for additional monitoring.

General Counsel Brown shared that the UAIC is citing authority under CEQA which would give them grounds to stop construction work if culturally significant resources are discovered. This is resulting in project delays and unexpected costs for monitoring work that is not well defined outside the permitted area covered in the Memorandum of Agreement (MOA). Vice President

Dickinson asked about the Mitigation Monitoring Plan. General Counsel Brown responded that the UAIC wants oversight beyond what is covered in the MOA and Mitigated Negative Declaration and is requesting that the District pay to have onsite tribal monitors beyond what is covered in the MOA. The District is sensitive to the nature of the area and working to find a middle ground with the UAIC.

Director Markey asked what would happen if we didn't approve the addendum. DE Huff shared that the District could decide to not have the monitoring and run the risk of not complying with the permit. General Counsel shared that especially in a culturally sensitive area the District should make sure to adhere to the permit requirements. Director Markey shared that he is unhappy with the additional expenses.

Public Comment: None

Vice President Dickinson made a motion to adopt Resolution 20-21 Addendum with Water Works Engineers for Foothill Trunk Construction Phase Services; a second was made by Director Mitchell; a roll call vote was taken, and the motion carried 5-0.

2. CONSIDERATION & APPROVAL OF RESOLUTION #20-22 ADOPTING THE FISCAL YEAR 2020/21 BUDGET AND PROPOSED SPENDING PLAN

GM Niederberger gave a presentation on the Final Budget document for FY 20/21. He shared the revenue, general fund expense, and capital fund expense schedules and summarized key areas of the budget.

Director Mitchell asked if the \$3 Million in CEPPT contributions would leave an unfunded accrued liability balance of \$0.76 Million. GM Niederberger shared that while the funds are set aside in the trust for the purpose of meeting the unfunded liability, they are available to be used for other CalPERS related expenses if an emergency were to arise.

Director Markey asked for details on the Newcastle Master Plan Improvements. GM Niederberger shared that the District is working on a project to move a main pipeline that traverses several backyards and basements out to the main street. DS Nielsen also shared that there are some smaller access projects planned for Newcastle.

Director Williams asked whether the legal services charges are higher this year due to the Foothill Trunk Project. GM Niederberger shared that the legal expenses on the Foothill Trunk Project will be billed to the project.

President Murdock asked about the lateral cameras and pipe trailers being listed in both Fund 100 and Fund 400. GM Niederberger shared that equipment replacements are funded from Fund 400 and new equipment is funded from Fund 100. President Murdock also asked training and insurance for the new drone that is proposed for easement inspection. DS Nielsen responded that a commercial license is required to operate the drone and the District plans to set up a training program.

Public Comment: None

Director Williams made a motion to adopt Resolution 20-22 Adopting the Fiscal Year 2020/21 Budget and Proposed Spending Plan; a second was made by Vice President Dickinson; a roll call vote was taken, and the motion carried 5-0.

3. COVID-19 PANDEMIC ILLNESS

GM Niederberger provided an update on District operations in response to the COVID-19 Outbreak. The District is currently screening all visitors to the District office and requiring face coverings. Board meetings will continue to be conducted remotely for the foreseeable future. The District is monitoring the situation with the local School Districts and how closures will impact District employees and workload.

Director Mitchell asked how far away Placer County is from a State-mandated shut down of indoor non-essential businesses. DS Nielsen responded that if the current trend continues the County has shared that they believe we are seven to ten days away from meeting the State's thresholds for closures.

Vice President Dickinson asked for a meeting of the Personnel Advisory Committee to address potential staffing issues related to COVID-19.

No action was requested – informational item.

4. SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT – DIRECTOR JERRY MITCHELL

Director Mitchell shared a presentation on the SPWA Debt as of June 30, 2019. The current outstanding principal of the debt is \$126,985,000.

Director Williams congratulated the SPWA Board for their work on restructuring the outstanding debt.

Vice President Dickinson asked about the interest rate on the SPWA bonds and the rate of return on SPWA investments. GM Niederberger shared that per the most recent SPWA investment report, the effective rate of return was 2.13%. The coupon rate on the \$46 Million in bonds is 5%. Vice President Dickinson shared that the District may want to consider early payment on some of the bond debt from the \$57 Million the District currently has in the SPWA rate stabilization fund.

Director Williams asked for a report on the breakdown of each JPA member's contribution to the rate stabilization fund and available options where the District is not in a negative position on the interest paid on the bonds and the interest earned on investments. GM Niederberger shared debt service payments have fluctuated in the past and that a future slowdown in building could create a situation where the District's revenue from connection fees goes down and the District needs to draw from the rate stabilization fund to pay for debt service. GM Niederberger proposed bringing more information to the Fee & Finance Committee.

Director Williams shared that the debt service payments should not fluctuate now that there are no more variable-rate bonds. Vice President Dickinson asked for more information to be provided to the Fee & Finance Committee on the rate stabilization fund.

No action was requested – informational item.

VII. REPORTS

1. District General Counsel (A. Brown):

General Counsel Brown's report was covered during *Board Item 6.1 Resolution #20-21 Addendum #5 with Water Works Engineers for Foothill Trunk Construction Phase Services*.

2. General Manager (H. Niederberger):

A. ASD, FSD & TSD Reports:

Director Mitchell asked for the date cutoff on the graphs in the Technical Services Monthly Board Report to be reported on the same day and time each month. GM Niederberger shared that the cut-off date for turning in Board Reports can be ten days or more before the meeting. He asked if the Board would like to have the report done thirty days in arrears. Director Mitchell was open to that or any fixed day of the month.

B. Information Items: No additional items.

3. Director's Comments:

Vice President Dickinson supported a month's delay in the Technical Services Monthly Board Report graphs.

Director Markey asked about the Costco project in Loomis and whether the District would be in attendance at the next meeting. DE Huff responded that the District received a copy of the Final EIR. The District reviewed the document and had no additional comments.

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 5:54 p.m. to the next regular meeting to be held on August 6, 2020 at 4:30 p.m.



Emilie Costan, Board Secretary