

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, SEPTEMBER 19, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Regular meeting to order at the hour of 5:02 p.m.

Director Sannella led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Martin
Director Sannella
Director Hernandez

Staff Present: General Manager Pruum
Legal Counsel Gilpin
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Information Technology Supervisor Labarrere
Purchasing/Warehouse Supervisor Bowman
Water Systems Supervisor Askine
Human Resources Analyst Anderson
Administrative Secretary Johnson

Others Present: Jack Griffin, City Manager, City of San Marcos
Kevin Ross, TerraVerde Energy

ADOPT AGENDA FOR THE REGULAR MEETING OF SEPTEMBER 19, 2018

18-09-10 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to adopt the agenda for the Regular Board Meeting of September 19, 2018.

PRESENTATIONS

President Hernandez presented Jason Hubbard, Capital Facilities Senior Engineer, with his Certificate in Water Management & Leadership from California State University San Marcos.

President Hernandez presented Shawn Askine, Water Systems Supervisor, with the Certificate of Environmental Accreditation, Drinking Water and Certificate of Excellence for the Vallecitos Water District Drinking Water Lab.

Jack Griffin, City Manager for the City of San Marcos, provided a presentation on the South Lake Recreational Project (South Lake Park) which included brief recent history and the plan going forward. Current plans in conjunction with the new Brookfield development include a parking lot generally at the lake level, an improved trail around the lake, and a fishing dock. Brookfield is required to construct an access driveway and the parking lot. The City's FY 2018-19 Adopted Capital Improvement Plan has sufficient funding for the project which is also included in their recently updated Parks Master Plan. Construction is anticipated to begin in the fall of 2019. The City is requesting a two-year extension of its current lease agreement with the District which expires on December 31, 2018. The extension will provide adequate flexibility should there be any environmental or construction issues.

General question and answer took place. General Manager Pruim suggested South Lake Park be placed on a future Board agenda for further discussion and consideration of the lease extension.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating South Lake and Lake San Marcos have been identified as viable sites for storage of reclaimed water. He feels that as the District is currently in litigation with Lake San Marcos, and the South Lake project would make South Lake an inappropriate site for reclaimed water storage, that should be factored into the discussion.

Mr. Hunsaker further stated he attended a tour of the San Diego County Water Authority's treatment plant on Twin Oaks. He expressed his concern in learning that the annual quality reports typically include just a single unspecified day's reading on many of the factors, particularly the total of dissolved solids, which can vary from season to season or day to day depending on the mix of the water. He thinks an average value should be represented once per month routinely. He also commented on the water quality of the Colorado River. Levels at Lake Mead and Lake Powell are dropping to only about three or four feet above the limit before mandatory restrictions start going into effect. California is not currently directly affected, but for the last three or four years Arizona and Nevada have been negotiating very aggressively. Sacramento is proposing to sell our water for money to give it to Arizona.

CONSENT CALENDAR

18-09-11 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – September 5, 2018
- B. Regular Board Meeting – September 5, 2018

- C. Engineering/Equipment Committee Meeting – September 6, 2018
- 1.2 Warrant List through September 19, 2018 - \$2,161,694.65
- 1.3 Financial Reports
- A. Water Meter Count – August 31, 2018
 - B. Water Production/Sales Report – 2018/2019
 - C. Water Revenue and Expense Report – August 31, 2018
 - D. Sewer Revenue and Expense Report – August 31, 2018
 - E. Reserve Funds Activity – August 31, 2018
 - F. Investment Report – August 31, 2018
 - G. Legal Fees Summary – August 31, 2018
- 1.4 Environmental Systems Research Institute (ESRI) Small Utility Enterprise License Agreement (SUELA) for GIS Software and Applications

Mike Hunsaker, member of the public, addressed the Board regarding Item 1.3A, Water Meter Count. He feels the current meter count does not accurately portray the total usages of various components of consumption and that a pie chart is needed showing the total consumption by type. This is particularly important because the number of meters seriously undercounts the multi-family consumption of water. There can be 10 or 20, in some cases in mobile home parks, 50 people working off one meter. If you have something that varies that dramatically, just showing the number of meters really mischaracterizes the actual consumption by use.

Mr. Hunsaker stated that regarding Item 1.3F, Investment Report, he didn't see the net return, only the gross income. He inquired what the investment company is charging and if they are providing some of the benefits as promised. He also noted that over 40% of the investments are not rated. He is pleased to see that most of the investments are short term because the International Monetary Fund has predicted that there will be a major crunch on global municipal bonds and borrowing by 2020.

ACTION ITEMS

FEASIBILITY ASSESSMENT FINDINGS FOR THE DISTRICT-WIDE SOLAR PROJECT

District Engineer Gumpel introduced Kevin Ross of TerraVerde Energy and provided a presentation on updates and the next steps of the District-wide solar project as follows:

- Definitions
- Feasibility Study Summary
- Benefits of a Solar Power Purchase Agreement (PPA)
- Assessment Findings

- Lift Station 1 Site
- Twin Oaks Reservoir Site
- Mahr Reservoir Site
- Conclusions
- Next Steps
- Project Schedule

Question and answer took place during the presentation.

District Engineer Gumpel stated that when the Board has decided which project(s) to move forward with, the next step will be the Request For Proposal (RFP) and design phase during which TerraVerde Energy will solicit solar developers for PPAs and recalculate savings analysis using firm pricing from the RFP process. RFP results will be presented to the Board for their consideration of whether to pursue the project(s).

General discussion took place during which the possibility of partnering with Olivenhain Municipal Water District (OMWD) at the Mahr Reservoir site was discussed. District Engineer Gumpel stated that staff will perform preliminary work on that site and then meet with OMWD staff after which staff will update the Board on the financial impact of a joint project.

Staff and the Engineering/Equipment Committee recommended moving forward with the design phase for the three projects.

General discussion took place.

18-09-12 MOTION WAS MADE by Director Martin, seconded by Director Evans, and carried unanimously, to move forward with the design phase for the three projects at the cost of \$97,725.00.

Mike Hunsaker, member of the public, addressed the Board expressing his belief that this project will pay off. He stated that according to SDG&E, 80% of the cost of power is in distribution, not production. The greatest saving is when power can be used on site. Two agencies that he knows of use solar battery systems which can lower the cost during peak usage hours. Of concern is whether the time of use periods will be shifted again and that CCAs could dramatically increase the off-peak and nighttime rates. The value of batteries could go up dramatically. He urged the Board to consider the option of batteries at a later date.

CHANGE ORDER REQUEST FOR SOLAR PANEL INVERTER REPLACEMENT

Capital Facilities Senior Engineer Hubbard stated the 360KW Solarport Photovoltaic System for the District's main headquarters was installed in 2006. The two existing central inverters of the system which convert solar panel DC current to AC current are no longer functioning. This project will replace both inverters and include a new Data

Acquisition System (DAS) as well as a five-year contract for the DAS, a kiosk for the lobby, and cleaning and replacement of the panels. On June 20, 2018, the Board awarded a contract to Baker Electric in the amount of \$154,165.60 to perform the work.

Capital Facilities Senior Engineer Hubbard further stated that when Baker Electric contacted Satcon to order the inverters, the manufacturer of the replacement inverters, they were told that components within the central inverters were corroded and that the inverters were no longer available. There are no central inverters available on the market for the District's 360kW system as manufacturers only make inverters for systems starting at 500kW. Baker Electric proposed replacing the central inverters with string inverters which are the most cost-effective and efficient inverter option on the market today. The entire system does not shut down when one or more panels are not functioning. There are two string inverter options: Kehua (9 groups) or Chint (18 groups) which would increase the contract by \$34,313.00 and \$129,589.00 respectively.

Capital Facilities Senior Engineer Hubbard provided pros and cons of the two options. The Kehua string inverters are more cost effective and more efficient; however, Kehua (distributed by Satcon) is a newer company. The Chint string inverters are more expensive, less efficient, and have a stronger track record.

Staff determined that the Kehua string converters are the most cost-effective option. Based on the power cost savings, this project, including the \$34,313.00 change order, will have a two to three-year payback period. The change order requires Board approval per Ordinance No. 146. Staff met with the Engineering/Equipment Committee on September 6 to discuss the project and available options. Staff and the Committee recommended the Board approve the change order to Baker Electric in the amount of \$34,313.00, subject to the provisions of the contract.

General discussion took place.

18-09-13 MOTION WAS MADE by Director Evans, seconded by Director Elitharp, and carried unanimously, to approve the change order to Baker Electric in the amount of \$34,313.00, subject to the provisions of the contract.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The new auditing firm will begin their field work on Monday, September 24.
- Progress is being made with the Boardroom improvements. Some of the components have been delayed which is holding up the completion of the project. The project is scheduled to be completed in mid-October.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated Senate Bill 998 is still pending the Governor's signature. The bill pertains to water shut-offs that will require the District's billing and disconnection standards to be revised effective in 2020.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the Board will meet on September 27. The Board received notice that the relining of Pipeline No. 3 has been completed from Lake Murray to the Sweetwater Reservoir. After being shut down for the last several years, the pipeline returned to service on June 4, 2018. This project brings the total relining of existing pre-stressed concrete to 55% complete.

Director Evans announced that she has been appointed to the SDCWA Audit Committee.

ENCINA WASTEWATER AUTHORITY

President Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which discussion took place regarding the odor control assessment of three areas, the repair of a deteriorating wall of the co-generation building, and the new computer maintenance management program which went online on September 1. The next meeting of the Capital Improvement Committee is scheduled for October 17.

Director Elitharp stated the Policy and Finance Committee did not meet in September. The next meeting is scheduled for October 9.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Evans, Elitharp, Hernandez, Martin, and Sannella reported on their attendance to the Council of Water Utilities Meeting on September 18.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Elitharp asked if Board members who will be attending the ACWA Conference in San Diego would consider carpooling to the conference to reduce daily driving and parking at the event.

President Hernandez requested South Lake Park be placed on a future agenda.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 6:42 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, October 3, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District