

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MAY 1, 2019, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Martin called the Regular meeting to order at the hour of 5:00 p.m.

Director Elitharp led the pledge of allegiance.

Present: Director Elitharp
Director Evans
Director Hernandez
Director Martin

Absent: Director Sannella

Staff Present: General Manager Pruim
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar

Others Present: Sandra Kerl, San Diego County Water Authority
Scott Lynch, Black & Veatch
John McManus, Black & Veatch
Kevin Davis, Black & Veatch

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 1, 2019

19-05-03 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Sannella absent, to adopt the agenda for the Regular Board Meeting of May 1, 2019.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board expressing his concern that fire service charges on customer bills have not been addressed properly. These charges were added for the use of fire sprinkler systems in newer homes and included a very heavy charge per month based on the size of the service pipe. This increased the water flow for the average home from 25 gallons per minute capacity to 35. For a new

home using a ¾-inch valve required for 35 gallons per minute, this has some semblance of being related to a service. However, it has been very quietly tacked on to older homes that do not have sprinkler systems and are paying more for a service they are not getting. He believes this requires serious consideration for the upcoming budget with an analysis of how this charge has been calculated, where figures are coming from, and why older homes are being charged for a service they don't receive. He thanked the Board.

INTRODUCTION

Administrative Services Manager Rhondi Emmanuel introduced new employee, Trisha Woolslayer, Risk Management Supervisor.

PRESENTATIONS

Public Information/Conservation Supervisor Robbins presented videos on the "We Love Recycled Water" Tour and the recent water main break on Las Posas Road.

Sandra Kerl, Acting General Manager for the San Diego County Water Authority (SDCWA), stated the SDCWA does not have a pipeline to convey its Colorado River water and pays Metropolitan Water District (MWD) to transport 280,000 acre feet of Quantification Settlement Agreement (QSA) supplies. The SDCWA has been considering the benefits of an alternative to MWD well before the QSA and is proposing to build off of previous studies to consider a regional conveyance system for San Diego and Imperial Counties. The focus of a study being done now is on reconfiguring the SDCWA system to take water from the south, reviewing water quality and pre-treatment requirements associated with Colorado River water, and performing a comprehensive financial analysis that will compare the independent conveyance option to the price SDCWA pays to MWD. The SDCWA is also looking to build upon regional partnerships in the Imperial Valley and the private sector similar to what was done with the desal plant in Carlsbad.

Ms. Kerl discussed two conveyance alternatives, Corridor 5A, an 84-mile pipeline with just under 50 miles of tunneling through the Laguna Mountains, and Corridor 5C, a 92-mile pipeline with just under 10 miles of tunneling. The cost range for these two alternative conveyance corridor pathways is \$2.4 to \$2.8 billion. This project may give the SDCWA the opportunity to save rate payers considerable money. The current cost to transport QSA water to San Diego County, escalated at 3% per year over 29 years, would cost over \$6 billion that would be paid to MWD for the transfer of that water. Additional costs associated with local supply development and the California Water Fix could be in the range of approximately \$10 billion. Not only would this project transfer water, it could provide opportunities to move water to various locations for storage which could help the Imperial Valley and to bring water to the Salton Sea. The SCDWA

Board will consider the \$3.9 million cost of the study in its Fiscal Year 2020/2021 Capital Improvement Program budget in June.

General discussion took place.

CONSENT CALENDAR

19-05-04 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Public Awareness/Personnel/Policy Committee Meeting – April 11, 2019
- B. Finance/Investment Committee Meeting – April 15, 2019
- C. Closed Session Board Meeting – April 17, 2019
- D. Regular Board Meeting – April 17, 2019

1.2 Warrant List through May 1, 2019 - \$2,828,059.27

PUBLIC HEARING

APPROVAL AND ADOPTION OF THE 2018 WATER, WASTEWATER AND RECYCLED WATER MASTER PLAN AND CERTIFICATION OF THE FINAL PROGRAM ENVIRONMENTAL IMPACT REPORT

President Martin opened the hearing as duly noted and posted. The hearing was opened at 5:29 p.m.

General Manger Pruim stated the Board would be asked to approve the District's Water, Wastewater and Recycled Water Master Plan, and adopt the Final Programmatic Environmental Impact Report (PEIR), the document entitled, "California Environmental Quality Act (CEQA) Findings," and the 2018 Master Plan Final Mitigation Monitoring and Reporting Program (MMRP). In addition to outlining facilities the District will require to accommodate existing and future customers, the Master Plan will be the basis for the District's capital facility fees that developers are charged to ensure they pay their fair share of future projects. The capital facility fees will be placed on a future agenda; however, the capital facility fees cannot be adopted until the Master Plan is adopted.

Development Services Senior Engineer Scholl facilitated a presentation on the 2018 Master Plan Program Environmental Impact Report which included:

- Previous Board meeting discussions on the Master Plan and PEIR
- Objectives previously reviewed with the Board of Directors
- Master Plan Purpose
- 2018 Master Plan Water and Wastewater Capital Improvement Program (CIP)
- CIP Cost Estimate Comparison
- CIP Costs Per Phase
- CEQA / PEIR Purpose
- PEIR Effects to be Analyzed
- Notice of Preparation
- Draft PEIR Public Review
- Correspondence Received After the Draft PEIR Public Review
- Master Plan Adoption and PEIR Certification Procedures

Development Services Senior Engineer Scholl noted that the cutoff date for data from land use agencies was June 30, 2014; projects approved after that date are not included in the Master Plan. He clarified that the Master Plan evaluates water resource and supply alternatives but does not evaluate water supply sufficiency. That determination is addressed in the Urban Water Management Plan.

Development Services Senior Engineer Scholl discussed the Notice of Preparation process to solicit input from interested agencies and the public, and the Draft PEIR public review period. He noted the District received four letters after the Draft PEIR public review period. Three separate letters dated March 28, 2019, April 12, 2019, and April 18, 2019 were received from Latham and Watkins, representing the Golden Door, addressing concerns about water supply inadequacy, demand projection changes, Colorado River supply cutbacks, and the addition of the IID Petition of Writ of Mandate vs. Metropolitan Water District for the public record. The fourth letter dated April 24, 2019, was received from Newland Sierra, LLC stating that their project's water usage would be less than the 2018 Master Plan projections for its current land use. Copies of the letters were provided to the Board and will be part of the public record.

Staff recommended the Board adopt a resolution that certifies the Final PEIR for the VWD 2018 Water, Wastewater and Recycled Water Master Plan, adopts the CEQA Findings and MMRP, and approves the VWD 2018 Water, Wastewater and Recycled Water Master Plan.

Mike Hunsaker, member of the public, addressed the Board stating a plan should address all future challenges such as explosive population growth and development growth. He expressed his concern that the San Diego Association of Governments' (SANDAG) projections are flawed. There is a requirement that when a plan becomes deeply flawed and the assumptions made are no longer valid, a new water plan must be completed. We live in an environment where we're going to have affordable housing developments with great exemptions from environmental concerns. That does not mean

that our concerns with water and wastewater treatment and the environment go away. The plan is based on 2014 projections during the height of the Great Recession. He is concerned that the District will not have the necessary facilities available in a timely manner and that this is just the start of the need for a new plan. He thanked the Board.

There being no additional persons wishing to address the Board, President Martin closed the hearing at 5:45 p.m.

19-05-05 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Sannella absent, to adopt the resolution.

Resolution No. 1550 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin

NOES:

ABSENT: Sannella

ABSTAIN:

ACTION ITEMS

ACCEPTANCE OF OPERATIONS BUILDING LOCKER ROOM EXPANSION

Capital Facilities Senior Engineer Hubbard stated that the Operations & Maintenance men's locker room located in Building B was not large enough to accommodate existing staff. The expansion has increased the size of the locker room to 783 square feet (SF), increased the number of lockers, and added two sinks and two showers. This will provide adequate space for current staff and account for future growth.

This project was approved in the FY 2015/2016 budget and moved through an RFP process with architect Jeff Katz and Associates (JKA) with design beginning in September of 2016. A plan for a 783 SF expansion with shower and sink facilities was developed and on June 28, 2017, the District received only one bid for the project in the amount of \$613,046, putting the project approximately \$136,000 over budget. Specifying a concrete tilt-up construction method likely reduced the number of potential bidders. The Engineering/Equipment Committee and full Board expressed a desire to reduce the construction cost and to re-bid the project.

Upon direction from the Engineering/Equipment Committee, in September 2017, JKA received a \$22,935 amendment to their contract to redesign the expansion project for a smaller 522 SF footprint without shower and sink facilities, but with an alternate bid for the original 783 SF size design. Both redesigned plans featured more traditional exterior wall and roof systems, lowered the height of the construction, and eliminated

many of the modifications to the existing locker room. Also, HVAC and fire sprinkler system expansions were added to the bid to get a more competitive overall price.

The project was re-bid in March 2018 and the District received three bids for both the Base design of 522 SF and the Alternate design of 783 SF. Due to the competitive numbers received, the Board of Directors approved the award of the construction contract to Crew Builders for the Alternate design of 783 SF on April 18, 2018.

Construction began June 2018 and all construction work was completed at the beginning of January 2019. Punchlist and administrative items were completed by April 2019. There was a total of three change orders amounting to \$3,794. District staff performed construction management and inspection. Special inspection services were performed by Christian Wheeler Engineering and JKA.

Capital Facilities Senior Engineer Hubbard discussed the fiscal impact of the project, including presenting a comparison of the budget from time of award in April 2018, to the current budget at acceptance. He highlighted the \$40,000 budget reduction going into the current fiscal year, a final change order rate of less than 1%, specialty inspection coming in at half of what was budgeted, and staff time coming in just shy of the estimated amount.

Staff recommended the Board accept the project and authorize the filing of a Notice of Completion and release of retention funds to the contractor following the 60-day notice period, provided no claims are filed.

General discussion took place.

19-05-06 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to accept the project; authorize the filing of a Notice of Completion and release of retention funds.

DISPOSITION OF UNANTICIPATED REVENUE

General Manager Prum stated that during the current Fiscal Year 18/19, the District received two sources of unanticipated revenue. The first source was related to a fine that was imposed against Diamond Environmental Services as part of legal actions related to illegal dumping. Although the fine was paid directly to Encina Wastewater Authority (EWA), the amount was ultimately remitted to Vallecitos as the District had been charged by EWA for the treatment of the flows introduced into the system by Diamond. The amount of that fine was \$637,102.32 and the funds were placed in the wastewater reserve account.

The second source of unanticipated revenue come from ACWA/JPIA and was a rebate of unused insurance premiums that occurred as a result of the District's low insurance claims history. The amount of that rebate check was \$165,806 and the funds were split between the water and wastewater reserve accounts.

Given that the District does not have an ordinance or policy that directs how funds such as these should be used, staff is looking for direction. Options were presented to the Board for consideration.

General Manager Pruim recommended the Board designate a small portion of the funds related to the ACWA/JPIA rebate be set aside to fund an employee appreciation event to acknowledge their efforts in keeping insurance claims well below industry norms and that the District use the remaining unanticipated revenue to pay down its CalPERS unfunded accrued liability.

General discussion took place.

19-05-07 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, with President Martin voting no and with Director Sannella absent, to designate \$5,000 of the unanticipated revenue to an employee appreciation event and up to \$30,000 for a study on a septage receiving facility, and to allocate the remaining funds for the CalPERS unfunded accrued liability.

CALL FOR NOMINATIONS TO THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) FOR APPOINTMENT TO CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD

Baron "Barry" T. Willis of the Alpine Fire Protection District and recently elected to LAFCO introduced himself and extended his assistance to the Board.

General Manager Pruim stated that due to the recent resignations of one regular and one alternate member on the Consolidated Redevelopment Oversight Board, LAFCO is holding an election for one regular member for a four-year term. Nominations are due by May 17, 2019.

The Board took no action.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD OF DIRECTORS – SEAT B

General Manager Pruim stated Kathleen Tiegs of the Cucamonga Valley Water District Board of Directors is a candidate for Seat B on the Southern Network California Special

Districts Association Board of Directors.

19-05-08 MOTION WAS MADE by Director Evans, seconded by President Martin, and carried unanimously, with Director Sannella absent, to vote for Kathleen Tiegs for Seat B on the CSDA Board of Directors.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- CNN recently reported on drinking water in California, covering a study conducted by an environmental advocacy group, The Environmental Working Group. It was stated that the contaminants found in public water systems in California could contribute to over 15,000 cancer cases for Californians who consume that water over their lifetime. The contaminants cited included arsenic, hexavalent chromium and radioactive materials such as uranium and radium. The study was published in the journal, *Environmental Health*, and alleges that the majority of the risk is for people who consume water mostly from groundwater sources containing arsenic. General Manager Pruim stated the District does not receive water from groundwater sources containing arsenic. The study does acknowledge that combined effects of the different contaminants should be studied to see if risk increases.

Director Hernandez requested an article addressing this study and the safety and water quality of the District be included in the District's quarterly newsletter.

- Governor Newsom issued an Executive Order on April 29 directing state agencies to review and develop plans to improve policies addressing water issues in California such as chronic water shortages, contaminated drinking water supplies, unaffordable water rates, and declining health of rivers and lakes. The Executive Order does not directly affect the District or other local agencies; however, the state agencies may develop policies that will ultimately affect local agencies. Governor Newsom also recently indicated support for a downsized Water Fix project.
- The Association of California Water Agencies spring conference will be held May 7-10 in Monterey, California.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin commented that Governor Newsom, in his Executive Order, is encouraging his agencies to think differently and to act boldly by developing a comprehensive strategy to build a climate-resilient water system. While the Executive Order doesn't affect local agencies, it does identify them as important stakeholders.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDWCA, in regard to the Governor's Executive Order, has been asked for their input on the issues.

Director Evans was unable to attend the April 25 Board meeting; however, she provided a summary of the meeting. At that meeting, the Board adopted a resolution to allow the General Manager to apply for a grant in the amount of \$1.25 million from the Department of Water Resources Desalination Program for the Claude "Bud" Lewis Carlsbad Desalination Plant wedge wire screen project.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee has not met since the last Board meeting.

President Martin stated the Policy and Finance Committee has not met since the last Board meeting.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez stated he has heard that the Council of Water Utilities (COWU) meetings have been permanently cancelled.

General discussion took place during which Director Evans commented on her experience leading COWU and the difficulty in finding an agency willing to take on the responsibility of coordinating the meetings.

President Martin reported on his attendance to a Lake San Marcos Kiwanis Club meeting at which Public Information/Conservation Supervisor Robbins presented an overview of what the District does.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT


There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:35 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, May 15, 2019, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.



Hal J. Martin, President
Board of Directors
Vallecitos Water District

ATTEST:



Glenn Prui, Secretary
Board of Directors
Vallecitos Water District