

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JULY 17, 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.

Finance Manager Owen 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
Information Technology Supervisor Labarrere
Public Information/Conservation Supervisor Robbins
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF JULY 17, 2019

19-07-01 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 July 17, 2019.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board asking how fire line charges are established as this information is not explained in the financial reports. He believes the District has a rate of approximately \$5.87. Is there a budget request or is this just included in the General Fund? He stated that when new bonds are issued in the future, he hopes the District will apply a more ratepayer friendly option as far as the covenant is concerned such as getting a high rating based on some assurance that the bond holders will get paid. Ways to accomplish this include 1) buying insurance; 2) maintaining a reserve of six months to a year; or 3) charging 15% above operating costs each and every year. The third option is the costliest to ratepayers and was done the last time bonds were issued. He hopes the District does not choose that option again. He thanked the Board.

INTRODUCTIONS

Human Resources Analyst Bridget Anderson introduced new employees, Jesse Alegre, Construction Worker I, and Jaime Tovar, Construction Worker I.

PRESENTATION

Public Information/Conservation Supervisor Robbins presented certificates and gift cards to Zofia Dowd and Sierra Whiteside, two of the top four entrants in the Poster Contest selected to represent Vallecitos Water District in the North County Water Agencies' 2020 calendar. Other top four entrants Skylar Groke and Lia VanderJagt were unable to attend the presentation.

CONSENT CALENDAR

19-07-02 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – June 13, 2019
- B. Special Board Meeting – June 13, 2019
- C. Finance/Investment Committee Meeting – June 17, 2019
- D. Regular Board Meeting – June 19, 2019
- E. Public Awareness/Personnel/Policy Committee Meeting – June 25, 2019

1.2 Warrant List through July 17, 2019 - \$6,578,466.82

1.3 Financial Reports

- A. Water Meter Count – June 30, 2019
- B. Water Production/Sales Report – 2018/2019
- C. Quarterly Financial Report – June 30, 2019
- D. Per Capita Water Consumption – June 30, 2019
- E. Water Revenue and Expense Report – June 30, 2019
- F. Sewer Revenue and Expense Report – June 30, 2019
- G. Reserve Funds Activity – June 30, 2019
- H. Investment Report – June 30, 2019
- I. Legal Fees Summary – June 30, 2019

1.4 Appropriations Limit for Fiscal Year 2019/20

PUBLIC HEARING

PUBLIC HEARING TO ADOPT A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLECITOS WATER DISTRICT APPROVING THE SEWER SERVICE FEES TO BE COLLECTED ON THE TAX ROLL FOR IMPROVEMENT DISTRICT "A" FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020

President Martin opened the hearing as duly noted and posted to collect sewer service fees on the tax roll. The hearing opened at 5:07 p.m.

Finance Manager Owen stated the Board adopted Resolution No. 1554 on June 19, 2019 electing to collect sewer service fees on the tax roll for Improvement District "A" which includes all parcels that receive sewer service but not water service. The sewer service fees will be collected by the County of San Diego and then transferred to the District. The public hearing is required to receive public input on this item.

Staff recommended the Board adopt the resolution authorizing the sewer service fees for Improvement District "A" to be collected on the tax roll.

There being no persons wishing to address the Board, President Martin closed the hearing at 5:08 p.m.

19-07-03 MOTION WAS MADE by Director Evans, seconded by Director Hernandez, and carried unanimously, with Director Sannella absent, to adopt the resolution.

Resolution No. 1557 - The roll call vote was as follows:

AYES: Elitharp, Evans, Hernandez, Martin

NOES:

ABSTAIN:

ABSENT: Sannella

ACTION ITEMS

AUTHORIZATION TO EXECUTE A LEASE AGREEMENT AND NEGOTIATE CONTRACT TERMS WITH AIS FOR LEASE AND MAINTENANCE OF XEROX MULTI-FUNCTION PRINTERS

Information Technology Supervisor Labarrere stated staff has performed an analysis of the District's current printer fleet to determine the number of copies made and types of jobs performed on each of the existing machines. This information and other considerations were taken into account to assess the current organizational print needs throughout the District. Staff issued a Request for Proposal (RFP) on May 1, 2019

which included replacement of the entire fleet and the addition of three vendor-supported printers which were not under a current maintenance contract.

Information Technology Supervisor Labarrere further stated AIS was selected as the preferred vendor of choice as they provided the most cost competitive/conscious solution which is estimated to save the District up to \$150,000 over the course of a 60-month term. Proposed support and maintenance as well as provision of consumables such as toner and maintenance kits are included in the cost projections.

Staff recommended the Board authorize the General Manager to negotiate lease and maintenance contract terms with AIS and enter into a 60-month lease agreement with two optional one-year extensions for 13 Xerox multi-function printers and 21 stand-alone printers.

General discussion took place regarding the total lease cost, number of printers involved, total number of copies made, cost per copy, the HP printers, and estimated overall cost savings.

19-07-04 MOTION WAS MADE by Director Elitharp, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to authorize the General Manager to negotiate lease and maintenance contract terms and enter into a 60-month lease with AIS.

CHANGE ORDER REQUEST FOR SCHOOLHOUSE TANK REFURBISHMENT

Capital Facilities Senior Engineer Hubbard provided background information on the Schoolhouse Tank refurbishment project which includes removal and replacement of the interior coating as well as structural improvements and upgrades to safety equipment and the anti-corrosion system. On April 17, 2019, the Board awarded a construction contract to West Coast Industrial Linings in the amount of \$535,000.

Capital Facilities Senior Engineer Hubbard stated that during the installation of new lateral bracing on the tank ceiling, it was discovered that the rafters were very thin, resulting in holes in the structural members. A change order was initiated to perform inspection blasting to expose deficiencies and determine repairs necessary to strengthen the rafters and prevent further corrosion. The proposed cost for the repairs, excluding the inspection blasting already completed, is 30% over the total construction contract. Board approval is required for change orders exceeding 10% of the contract value per District Ordinance No. 146, Section 4.1.1. The budget shortfall is \$180,946.75, and if a budget adjustment is necessary, additional funds will be paid for out of the water replacement reserves.

Staff recommended the Board approve the construction change order to West Coast Industrial Linings in the amount of \$180,946.75, subject to the provisions of the contract.

General discussion took place.

19-07-05 MOTION WAS MADE by Director Hernandez, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to approve the construction change order.

CHANGE ORDER REQUEST FOR SEWER BYPASS REPAIR

Capital Facilities Senior Engineer Hubbard stated sewer in portions of the Bypass line is under pressure due to its proximity to the pressurized section of the Land Outfall, and flow is diverted away from the District's Meadowlark Reclamation Facility (MRF) into the Bypass pipeline during operational shutdowns or emergencies. He provided history on breaks that occurred on the Bypass line in February 2017, January 2018, and February 2019. Staff initiated a change order in the amount of \$41,700 with Shaw Equipment Rentals, the contractor already under contract to make repairs, to make additional repairs after the most recent break. Delaying the repairs to prepare a new contract bid package would be costlier and would delay scheduled operational projects at MRF. Although a budget surplus of \$46,905, including the change order, is anticipated for this project, the change order exceeds 10% of the original contract amount and requires Board approval per District Ordinance No. 146, Section 4.1.1.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board asking what the lifetime of the pipe is and what sort of pressure it is. From an engineering standpoint, he finds it difficult to understand how its proximity to the pressurized Land Outfall will cause stress on the pipe. There was a break in 2018 and it was said the pipe was only being used for water coming out of MRF that had been already processed, and yet this is really a diversion from the pipe. Is there an overflow from the primary sewer lines to Encina Water Authority? How is the District going to pay fines for spills?

District Engineer Gumpel responded to Mr. Hunsaker's questions.

Staff recommended the Board approve the construction change order to Shaw Equipment Rentals in the amount of \$41,700, subject to the provisions of the contract.

19-07-06 MOTION WAS MADE by Director Elitharp, seconded by Director Evans, and carried unanimously, with Director Sannella absent, to approve the construction change order.

SOUTHERN CALIFORNIA WATER COALITION QUARTERLY LUNCHEON –
MEETING ATTENDANCE PER DIEM/EXPENSE REIMBURSEMENT APPROVAL

General Manager Pruim stated the Southern California Water Coalition is hosting a program on July 19 at the Faraday Center in Carlsbad. This group is not on the list of organizations for which meetings are considered compensable under District Ordinance No. 210; therefore, prior approval for per diem and expense reimbursement is required.

General discussion took place.

19-07-07 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Sannella absent, to approve per diem and expenses for attendance to the program.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The District's employee appreciation luncheon will be held on July 23.
- District crews will be performing valve maintenance this evening along Twin Oaks Valley Road, Mission Boulevard, and El Norte Parkway. Crews will also be performing similar night work on July 24 in San Marcos Boulevard adjacent to San Marcos Elementary School.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated the Department of Water Resources (DWR) released the 2018 California Water Plan Update today. It provides recommended actions for the coming years that coordinate with Governor Newsom's plan. The DWR will be hosting a webinar on July 29 to provide an overview of the plan.

SAN DIEGO COUNTY WATER AUTHORITY

Director Evans reported the following:

- The Board approved the \$1.6 billion budget. Untreated water increased 4.8%. Treated water increased 4.3%. The SDCWA is drawing significant amounts of money from its rate stabilization funds to keep the rates down. The Fiscal Sustainability Task Force is being formed to address questions. The rate increases were due in part to the increase of employer CalPERS contributions, increased utilities costs, and a higher share of the cost for operating San Vicente Reservoir, Lake Hodges and the treatment plants.

- The first phase of a drone pilot study has been completed. The SDCWA has two FAA certified drone pilots. The drones have been useful in right-of-way issues. Last year 6 long-term encroachments and 75 new encroachments were resolved, and 115 trees were removed from the aqueduct right-of-way as a result of being detected with the use of drones.
- The next Board meeting is scheduled for July 25.
- She attended a legislative round table with Senator Brian Jones in attendance at the SDCWA on July 16. Senator Jones represents the 38th Senate District which includes important water resources such as the San Vicente Reservoir and Padre Dam. The meeting was well attended.
- SB 200, the safe drinking water bill, doesn't address how the future fund, set at \$130 Million, will be filled. A group has formed to study this.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee this morning at which discussion took place regarding the completion of the effluence conveyance project, cogeneration building structural condition assessment, primary aerator improvement, secondary clarifier, integrated service system, review of Windows upgrades and 24-hour on-call.

President Martin reported on his attendance to the Policy and Finance Committee at which the Committee recommended sending the budget to the Board for approval at the next Board meeting on July 24.

STANDING COMMITTEES

Director Hernandez reported that the Public Awareness/Personnel/Policy Committee met on June 25. Items discussed to be brought to the Board for consideration were the elimination of plastic containers used in District offices and overnight hotel stays when attending conferences in San Diego. The Committee also discussed Board members' use of personal credit cards for travel expenses.

Finance Manager Owen reported on the June 17 Finance/Investment Committee meeting. The Committee received an update on the Cost of Service Study and a presentation for the kick-off of the annual audit with DavisFarr.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Evans, Elitharp, Martin and Hernandez reported on their attendance to the Council of Water Utilities meeting on July 16.

President Martin and Director Hernandez reported on their attendance to a San Diego North Economic Development Council program at MiraCosta College on June 27.

OTHER BUSINESS

QUARTERLY BOARD EXPENSES

This information was provided per Ordinance No. 210; no action required.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez request a Closed Session meeting be scheduled as soon as possible to discuss the desal issue and inquired as to when the Board would receive the groundwater study for discussion. District Engineer Gumpel indicated it would be ready for presentation to the Board in August.

Director Hernandez inquired about the status of the septage study. District Engineer Gumpel stated the scope has been received and reviewed. A purchase request in the amount of \$29,990 is being prepared to start the septage study.

Director Hernandez requested an update on the solar study. District Engineer Gumpel stated the Mitigated Negative Declaration (MND) will be circulated in August with an anticipated October adoption of the MND. Request for Proposals for solar providers will be sent out by the end of this week with an anticipated award in November.

General Manager Pruim confirmed capacity fees will be on the August 7 Board agenda.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 6:30 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, August 7, 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 Pruim, Secretary
Board of Directors
Vallecitos Water District