

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 16, 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 Hernandez led the pledge of allegiance.

Present: Director Elitharp
Director Hernandez
Director Sannella
Director Martin

Absent: Director Evans

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 Morgan
Development Services Senior Engineer Scholl
Public Information/Conservation Supervisor Robbins
Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 16, 2019

19-10-10 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, with Director Evans absent, to adopt the agenda for the Regular Board Meeting of October 16, 2019.

PUBLIC COMMENT

Mike Hunsaker, member of the public and speaking as President of the Twin Oaks Valley Property Owners Association, addressed the Board stating that there is a small town in Placer County which was of great interest on Prop. 218. The case was decided approximately one year ago. A small minor's camp sued the public water utility under Prop. 218. Eight cabins were on a single water meter. The City conveyed that they needed to pay fees and water for each of the cabins. The minor's camp sued and prevailed. One of the issues was that phantom meters were being charged for. The use of phantom meters violates Prop. 218. The utility had to reduce the fees and had to do restitution on the fees. One of the major factors is that the court said they had to have a physical meter. The court case also indicated that the use of equivalent dwelling units was inappropriate. This would seem to be a real problem, especially since a new ordinance was just passed on capacity fees and you're talking about the use of EDU's and essentially phantom meters.

CONSENT CALENDAR

19-10-11 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Engineering/Equipment Committee Meeting – October 1, 2019
- B. Closed Session Board Meeting – October 2, 2019
- C. Regular Board Meeting – October 2, 2019

1.2 Warrant List through October 16, 2019 - \$763,611.50

1.3 Financial Reports

- A. Water Meter Count – September 30, 2019
- B. Water Production/Sales Report – 2019/2020
- C. Quarterly Financial Report – September 30, 2019
- D. Per Capita Water Consumption – September 30, 2019
- E. Water Revenue and Expense Report – September 30, 2019
- F. Sewer Revenue and Expense Report – September 30, 2019
- G. Reserve Funds Activity – September 30, 2019
- H. Investment Report – September 30, 2019
- I. Legal Fees Summary – September 30, 2019

19-10-12 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to approve the Consent Calendar with Item 1.4 being pulled.

1.4 Adoption of Resolution Ordering the Annexation of Certain Property Designated as the “Chesus Annexation” (APN 222-042-14) into the Vallecitos Water District Sewer Improvement Districts 1, 2 & 6

MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to adopt the resolution.

19-10-13 Resolution No. 1558 - The roll call vote was as follows:

- AYES: Elitharp, Hernandez, Sannella, Martin
- NOES:
- ABSTAIN:
- ABSENT: Evans

ACTION ITEMS

SENATE BILL 555 BY SENATOR LOIS WOLK (D-DAVIS) – URBAN RETAIL WATER SUPPLIERS: WATER LOSS MANAGEMENT

Public Information/Conservation Supervisor Robbins reported on the annual water loss submittal stating that Senate Bill 555 was brought forth by Senator Lois Volk. The Senate Bill and water code require water agencies, urban water suppliers such as Vallecitos Water District, to provide a completed and validated water audit annually to the Department of Water Resources which began in October 2017. Previous reports have been brought before the Board.

Initially, California – Nevada Section of the AWWA worked together to create a task force, led some stakeholders and brought them together to create the California Water Loss Collaborative. That group in turn created the Water Loss Technical Assistance Program (TAP). TAP recommended that a team be created which includes staff from conservation, himself, supply and operations, billing and finance as well as engineering staff. There is a lot of water loss terminology that goes with these types of actions, such as “apparent losses” and “real losses” due to unauthorized use or a calculation error. The validated results indicate the water supply into the system is 15,661.5 acre feet, the amount of authorized consumption 14,984 acre feet, water losses of 676.8 acre feet, and non-revenue water of 780.2 acre feet. Development Services Senior Engineer Scholl served as validator. He participated in training to become an authorized validator. The District received a validity score of 70, which is within the typical range. This is an annual process and is submitted in October. It is anticipated that DWR will crack down on water agencies to improve their water audit validity score. When DWR indicates necessary improvement, it’s recommended the District implement a customer meter testing program to ensure meters are accurate.

Director Sannella enquired on a hydrant that was hit by a vehicle and damaged on San Marcos Blvd and Grand. General Manager Pruim stated that a report was filed, however, have not yet received any information from the Sheriff’s Department.

Director Hernandez enquired as to how much time was involved in putting together the report. Financial Analyst Arthur stated it was 10 – 12 hours.

Director Elitharp requested staff speak about water losses as a percentage and what the industry standards are.

Public Information/Conservation Supervisor Robbins stated the non-revenue water is 780 acre-feet which is approximately 5%. Operations & Maintenance Manager Pedrazzi confirmed that 5%-10% is the typical average for water loss.

Mike Hunsaker, member of the public, stated he read a couple of the advance notices on what they intend to do in the state on the question of water loss. One of the statements was that its previous studies was that the average single family dwelling lost about 20 gallons per day to water losses. The State was taking the position that this is going to be the

standard unless there is evidence to the contrary. They're also talking about fines against the whole District. The question is, who is doing the leaking and how is it controlled? Since the drought, there has been a dramatic reduction in water loss by single family dwellings. They have by far the most sensitive meters than the 2" apartment dwellings. It's very easy to determine whether or not someone has a leak that they're fixing with computerized readout systems. There is very little leakage from the single-family dwelling because they get billed every month. They can get warned and fix things readily, apartments cannot. You do not have access to the internal meters. If they have water losses, some of these non-profits charge an administrative fee on water and water losses. Those water losses will go unmeasured under the present regimes that are being set up by the State, which puts a lot more burden on the people who are the most responsible and the most conservative and the least leaky elements of the District. This needs to be watched very carefully, the use of master meters and new developments is not something to emulate.

19-10-14 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, with Director Evans absent, to approve the report as presented.

END OF FY 18-19 CAPITAL PROJECTS SUMMARY

Capital Facilities Senior Engineer Morgan stated he would be navigating and highlighting a feature off of the website that is readily available to the public and any user to monitor the status of projects. Active capital improvement projects will take anyone to an interactive map. All the thumbnails represent different projects either in design or construction. Any information inside of the map is updated on a quarterly basis. This has been available on the website for six or seven years however, staff feel not a lot of people know about it. He showed an example of one of the projects which are updated on a quarterly basis. The map is available on the District's website and is a useful tool to all of the customers and whoever is interested in tracking these projects.

Capital Facilities Senior Engineer Morgan facilitated a presentation on the end of year project summary and the 2018/2019 4th quarter reports which included the following:

- Contract total of nearly \$4.35 million of total contract amounts
- Had a total of 32 change orders totaling just over \$65,000 which equates to a 1.5% change order adjustment
- Consulting contracts totaled \$2.26 million
- 2018/2019 Project Summary
- Projected vs Actual
- Change Order Total vs Industry Standard
- Actual District Change Order Cost Based on Ordinance 146
- 2018/2019 4th Quarter Photos Rock Springs Sewer Replacement
- Rock Springs Sewer Replacement Site Restoration
- Palos Vista Pump Station Electric Generator
- School House Tank Refurbishment

- CIP 18/19 Quarterly Updates

General discussion took place.

This item was for information only.

ACWA ELECTION OF OFFICERS

The Association of California Water Agencies (ACWA) will be holding a General Session Membership Meeting at their 2019 Fall Conference on Wednesday, December 4. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2020-2021 term. The General Session Membership Meeting will convene at 1:15 p.m. immediately following the Wednesday luncheon program. The ACWA Nominating Committee has announced a 2020-2021 slate that recommends current Vice President Steven LaMar for ACWA President and current Region 5 Vice Chair Sarah Palmer for ACWA Vice President.

ACWA will issue one proxy voting card to each member agency's designated voting representative as identified by the member agency on the proxy designation form. The designated voting representative must be present at the General Session Membership Meeting and must sign in as the delegate to receive the proxy voting card. Proxy cards will only be available for pick-up Wednesday, December 4 between 9:00 a.m. and 12:00 p.m. at the ACWA General Session desk in the Harbor Foyer, Manchester Grand Hyatt.

19-10-15 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to nominate Director Hernandez to serve as the voting delegate.

REPORTS

GENERAL MANAGER

General Manager Pruim stated that there will be some night work occurring tonight on La Bonita Drive to replace a water valve. It is being done at nighttime because it services a dentist office and staff would have to shut off the water temporarily.

Next Wednesday staff will be replacing a valve for an existing fire service to the Bolero bowling alley that is along San Marcos Boulevard. The City requires night work for work along San Marcos Boulevard.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated there was a new act passed regarding surplus properties. It was intended to close some gaps on the firewall relative to whether the wall applied for all local agencies. This law makes it clear that it applies to all local agencies in California. It also extends the coverage from not only the sale but the lease of property. The purpose of the law is to make the property available for affordable housing, etc. There are fines for violations of the act, etc. Anything going forward in the future we're looking at using our properties or declaring surplus, this new act would apply.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the committee had their annual update on projects which included the outfall, the primary effluent conveyance, and the cogeneration building.

Director Hernandez stated the Board held a workshop which included the South Parcel, set up 5,800 pieces of information on the commercial multiple listing sight and received 45 back, spoke with eight individuals and received three proposals. The third proposal was dismissed – Galaxy Soccer Club wanted to put soccer fields on the property. The two proposals received were 1 acre for BMW to store cars on property and the other was 2 acres for a battery storage company. Will cost \$1million dollars to determine if it is viable. A Coastal Commission permit will also need to be obtained as well as a conditional use permit from the City. All at the meeting agreed to move forward with negotiations.

President Martin stated that out of the acreage that is on the South Parcel, the individual who has the battery storage company only wants 2 acres.

President Martin stated that the other discussion was how they are going to look at dryers, is it necessary for more dryers or not. This will start the study, continue the study until next year and put it into the budget next year.

STANDING COMMITTEES

Director Sannella stated the Finance Committee meeting will be held on October 29.

Director Hernandez reported on the Ad Hoc Committee meeting stating the consultant identified the District does have property mitigation that will need to take place. The Board will need to discuss what the next steps are going to be. There are a number of steps that could be taken to benefit the District. Numbers were discussed that District staff could spend anywhere from \$70,000 – \$100,000 and do all the entitlements in-house. A document could be produced and an RFP initiated to find a partner. This item should be agendized to have a larger discussion for determining which direction to go.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez reported on his attendance to the District Water Academy.

President Martin reported on his attendance to the District Water Academy.

Director Sannella reported on his attendance to the Council of Water Utilities meeting.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez stated he would like the future use of Lift Station 1 property. He has some good things proposed with solar, but particularly after this meeting at Encina, he doesn't personally want to do anything that will jeopardize even a better revenue stream for the ratepayers. He would like this item agendaized for a Board meeting.

General Manager Pruim stated that staff anticipates presenting the solar project to the Board at the meeting on November 6. If we want to pursue the deal with the solar company, the prices they are quoting rely on getting a full 30% tax credit on the construction. If it delays into next year, then it drops down to 20%, therefore they will likely charge more for the electricity. Will be looking for action from the Board to enter into an agreement with the power purchase provider.

Director Hernandez requested that the agenda include discussion of the Lift Station 1 property first. Once all the information is obtained, an informative decision can be made on the solar portion of the Lift Station 1 property.

General Manager Pruim stated staff could probably incorporate a description of the property into the solar discussion, how much of the property would be taken up by the solar rays, and how much remaining property there would be after that is done.

District Engineer Gumpel stated the solar ray takes up a majority of the open space of the property. There is a drainage channel in the back, but the majority of the flat space above the drainage channel is taken up by the solar ray.

ADJOURNMENT

There being no further business to discuss, President Martin adjourned the Regular Meeting of the Board of Directors at the hour of 5:52 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, November 6, 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 Pruiam, Secretary
Board of Directors
Vallecitos Water District