

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, MAY 20, 2020, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Evans called the Regular meeting to order at the hour of 5:00 p.m. The meeting was held via teleconference.

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

Staff Present: General Manager Pruum  
Legal Counsel Gilpin  
District Engineer Gumpel  
Finance Manager Owen  
Operations & Maintenance Manager Pedrazzi  
Capital Facilities Senior Engineer Morgan  
Customer Service Supervisor Saavedra  
Information Technology Supervisor Labarrere  
Principal Financial Analyst Arthur  
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF MAY 20, 2020

20-05-09 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to adopt the agenda for the Regular Board Meeting of May 20, 2020.

PUBLIC COMMENT

None.

CONSENT CALENDAR

20-05-10 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting –May 6, 2020
- B. Board Workshop Meeting – May 11, 2020
- C. Closed Session Board Meeting – May 11, 2020

- 1.2 Warrant List through May 20, 2020 - \$1,028,152.37
- 1.3 Financial Reports
  - A. Water Meter Count – April 30, 2020
  - B. Water Production/Sales Report – 2019/2020
  - C. Per Capita Water Consumption – April 30, 2020
  - D. Water Revenue and Expense Report – April 30, 2020
  - E. Sewer Revenue and Expense Report – April 30, 2020
  - F. Reserve Funds Activity – April 30, 2020
  - G. Investment Report – April 30, 2020
  - H. Legal Fees Summary – April 30, 2020
- 1.4 Request for Annexation of Certain Property Designated as the “Bennett Residence Water Annexation,” a Portion of APN 226-040-57 Into Vallecitos Water District for Water Service (W.P. Bennett Trust)
- 1.5 Request for Temporary Off-Site Sewer Service Agreement for Bennett Residence – a Portion of APN 226-040-57 (W.P. Bennett Trust)
- 1.6 Project Acceptance of Boardroom Audiovisual and Lighting Upgrades

## ACTION ITEMS

### PROJECT ACCEPTANCE SEWER LINING AND REHABILITATION 2019

Capital Facilities Senior Engineer Morgan stated operational and structural deficiencies were identified in existing segments of 8-inch vitrified clay pipe and ductile iron pipe sanitary sewer in 59 different locations throughout the District including 54 full section repairs totaling approximately 11,960 linear feet and five point repairs. Of the 54 full sections, 35 were in the Lake San Marcos area totaling 7,170 linear feet. Rehabilitation of the pipe sections was accomplished utilizing a Cured-in-Place-Pipe liner, a trenchless technology to make fully structural repairs from inside the pipe.

Capital Facilities Senior Engineer Morgan further stated staff received and opened bids from three contractors, and determined that Insituform was the lowest apparent responsive bidder. On January 15, 2020, the Board awarded a contract to Insituform in the amount of \$631,472. The project budget was adjusted from \$812,000 to \$962,000, combining two separate projects, the 2019 Sewer Lining and Rehabilitation project and the North West Lake San Marcos Sewer Replacement and Lining project, to take advantage of shared mobilization costs and to capture potentially lower overall construction pricing. Staff performed in-house design, bid preparation, construction management and inspection. The project was completed on May 7, two months earlier than anticipated, with a budget surplus of the combined projects totaling \$634,287.

Staff recommended the Board accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period provided no claims are filed in conformance with the contract documents.

General discussion took place.

Mike Hunsaker, member of the public, addressed the Board commending the District for getting much better value for taxpayer dollars using competitive bidding, no lease backs, and reasonable consulting costs. He asked about the District's expectations concerning inflation of construction costs, to which staff responded they are hopeful there will be a favorable bidding climate during the economic downturn.

20-05-11 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to accept the project and authorize the General Manager to file a Notice of Completion and release of retention funds to the contractor following the 60-day notice period provided no claims are filed.

#### VALLECITOS WATER DISTRICT PROPOSED FISCAL YEAR 2020/2021 BUDGET

General Manager Pruum stated the Board heard a presentation at their May 11 workshop meeting on the pre-COVID-19 base budget, fiscal impacts of COVID-19, and staff recommendations for adjustments to the budget. Discussion at this meeting would focus on the budget which acknowledges the COVID-19 impacts to the District.

Finance Manager Owen facilitated a presentation on the draft proposed Fiscal Year (FY) 2020/2021 budget in which COVID-19 impacts have been incorporated, along with Principal Financial Analyst Arthur who discussed water purchases and sewer revenue, as follows:

- Budget Process & Calendar
- COVID-19 Financial Plan
- Estimate Impacts – Sources
- Estimate Impacts
- Monetize Impacts
- Budget
- 2020/2021 Budget - \$90,621,000
- 2020/2021 Water Operating Expense Budget - \$42,722,000
- Operating Budget – Water
- 2020/2021 Wastewater Operating Expense Budget - \$13,310,000
- Operating Budget – Sewer
- Salary & Benefits Budget-to-Budget Comparison
- Operating Budget – Salaries & Benefits
- Water Purchases
- Water Sales – Volume

- Water Sales – Sales
- Water Sales – Revenue
- Sewer Revenues
- Capital Budget-to-Budget Comparison
- Capital Improvement Projects by Function Total
- Reserve Projections
- Reserve Balances
- Water Reserves – Replacement
- Water Reserves – Total
- Wastewater Reserves – Replacement
- Wastewater Reserves – Total
- Days in Cash
- CalPERS Unfunded Accrued Liability (UAL) Funding Policy
- PERS UAL Scenario
- CalPERS Historical Returns

Question and answer took place during the presentation.

General discussion took place during which staff recommended paying the PERS UAL over a two-year period, paying \$4,027,000 already incorporated in the draft proposed FY 2020/2021 budget and revisiting it again for the FY 2021/2022 budget. General Manager Pruum asked the Board for their input regarding which of the three UAL payment scenarios presented they wanted incorporated in the draft proposed budget. Directors Sannella and Martin stated they would like to see more budget cuts in order to keep a water rate increase in 2021 to 2.5% or less. The consensus of the Board was to proceed with staff's recommendation of paying the PERS UAL over a two-year period.

Mike Hunsaker, member of the public, addressed the Board asking if the PERS payment covers 100% of the PERS UAL, what the inflation purchasing floor is and how is it calculated, what the total amount of debt proposed in the five year plan is and if it includes any private placement loans. He suggested a detailed breakdown of flow meters. Staff responded to Mr. Hunsaker's questions.

Finance Manager Owen, Customer Service Supervisor Saavedra, and Principal Financial Analyst Arthur provided a presentation on the COVID-19 Financial Plan Update illustrating the types of data staff is currently tracking which included the following:

- Water Sales Composition
- Water Sales Comparison
- Delinquency & Lock Charges
- Bad Debt Expense
- Number of Accounts Delinquent

- Delinquency Charges
- Fee Waivers Due to COVID-19
- Accounts Overdue 60 Days
- Customer Care

General discussion took place during which General Manager Pruim stated tracking information will be provided to the Board on a monthly basis.

This item was presented for information only.

## REPORTS

### GENERAL MANAGER

General Manager Pruim reported the following:

- Construction will begin soon on the North Twin Oaks Tank No. 1 improvement project.
- The panels for the District-wide solar project have been delivered to the Twin Oaks Reservoir site. There had been a delay in shipping the materials due to COVID-19. Staff is currently working on some issues with the Lift Station No.1 site and will report back to the Board when the issues have been resolved.
- Night work is scheduled for 9:00 p.m. this evening near the intersection of Nordahl and Montiel. A fire service to a commercial development will be replaced. Initially a high line was used but proved to be too disruptive, necessitating a shut-down tonight to make the repairs. Water service will resume at 5:00 a.m. tomorrow. Arrangements have been made to minimize the impact to 21 homes that will be affected.
- Staff will be opening bids for the San Marcos Sewer Interceptor project on May 28. This will be the last segment of the interceptor to be replaced.
- Staff has been reaching out to the District's commercial customers, particularly those that have been closed due to COVID-19. Internal water systems where water hasn't been moved through the pipes is of concern. Staff is working with the San Diego County Water Authority, Chamber of Commerce, and City of San Marcos to identify businesses that should be contacted to provide information on what needs to be done when they re-open their business.
- The District's re-opening plan will be presented at the June 3 Board meeting. Information will include plans to bring staff back to the District office, allowing customers in the building, how business/Board meetings will be conducted, and measures in place to keep employees and visitors safe.

### DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated the courts have been closed due to COVID-19; however, San Diego County courts will be opening up on May 26 to receive filings, etc. He will be

requesting a Closed Session Board meeting on June 3 to brief the Board on a state-wide Proposition 218 case filed in Santa Clara County in which the District and 81 other public agencies have been named.

#### SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the next Board meeting is scheduled on May 28.

#### ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee this morning. The Committee is moving forward with capital improvement projects.

Director Martin reported that the Policy and Finance Committee will meet next month.

#### STANDING COMMITTEES

None.

#### DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

#### OTHER BUSINESS

None.

#### DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on extraneous noises heard during this meeting. Participants were reminded to turn off their microphones when not speaking.

Director Hernandez asked for an update on the potential battery storage lease venture. General Manager Pruiim stated he has not heard from the interested party.

Director Martin inquired about vehicles that have been parked at Lift Station No.1. District Engineer Gumpel stated the vehicles were associated with the District-wide solar project. He will confirm and report back to General Manager Pruiim.

#### ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 7:36 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, June 3, 2020, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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Betty D. Evans, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruiam, Secretary  
Board of Directors  
Vallecitos Water District