MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS

OF THE VALLECITOS WATER DISTRICT

WEDNESDAY, AUGUST 19, 2020, AT 5:00 PM, VIA TELECONFERENCE

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

Present: Director Elitharp

 Director Hernandez

 Director Martin

 Director Sannella

 Director Evans

Staff Present: General Manager Pruim

 Legal Counsel Gilpin

 District Engineer Gumpel

Finance Manager Owen

Operations & Maintenance Manager Pedrazzi

Development Services Senior Engineer Scholl

Asset Management Supervisor Bowman

Customer Service Supervisor Saavedra

Public Information/Conservation Supervisor Robbins

Wastewater Treatment Plant Supervisor McDougle

Principal Financial Analyst Arthur

 Executive Secretary Posvar

Others Present: Dan Denham, Deputy General Manager, San Diego County Water Authority (CWA)

 Kevin Davis, Black & Veatch

 Pierce Rossum, Rate & Debt Manager, CWA

 Kelly Rodgers, Colorado River Program Director, CWA

 Don MacFarlane, DLM Engineering, Inc.

 Doug Gillingham, Gillingham Water

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 19, 2020

President Evans requested the agenda be modified to address Action Item 2.1 after Items 2.2 and 2.3.

20-08-05 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of August 19, 2020 as amended.

PUBLIC COMMENT

None.

PRESENTATION

Public Information/Conservation Supervisor Chris Robbins and Wastewater Treatment Plant Supervisor Dawn McDougle accepted the H.R. LaBounty Safety Award on behalf of their team recognizing their commitment to safety in the workplace. Wastewater Treatment Plant Supervisor Dawn McDougle, Senior Wastewater Treatment Plant Operator Matt Wiese, Wastewater Treatment Plant Operators II Chris Deering, Ivan Murguia, Arturo Sanchez and Marc Smith, Safety Technician Anette Longville, and Public Information Officer Alicia Yerman were recognized for their roles in organizing and conducting Confined Space Rescue Training which was coordinated with local fire agencies in November 2019.

CONSENT CALENDAR

20-08-06 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

1. Closed Session Board Meeting – July 15, 2020
2. Regular Board Meeting – July 15, 2020
3. Engineering/Equipment Committee Meeting – July 21, 2020
4. Finance/Investment Committee Meeting – July 27, 2020
5. Closed Session Board Meeting – August 6, 2020

1.2 Warrant List through August 19, 2020 - $8,427,600.34

1.3 Financial Reports

 A. Water Meter Count – July 31, 2020

B. Water Production/Sales Report – 2020/2021

C. Per Capita Water Consumption – July 31, 2020

D. Water Revenue and Expense Report – July 31, 2020

E. Sewer Revenue and Expense Report – July 31, 2020

 F. Reserve Funds Activity – July 31, 2020

 G. Investment Report – July 31, 2020

 H. Legal Fees Summary – July 31, 2020

1.4 Adoption of Resolution Recognizing the Annexation Into the Vallecitos Water District of Certain Property Designated as the “Lindauer Annexation,” APN 182-101-01, and Ordering the Annexation Into Sewer Improvement District 5 (Lindauer Family Trust 08-18-06)

1.5 Request for Annexation of Certain Property Designated as the “Papp-Lundblade Annexation,” APN 182-101-43 & 44 Into the Vallecitos Water District and Sewer Improvement District 5 (Szilard Papp & Jeff Lundblade)

1.6 Request for Annexation of Certain Property Designated as the “Nordahl Road Subdivision,” APN 226-290-01 Into the Vallecitos Water District and Sewer Improvement Districts 5, 6 & A (Samandari/Naeemi)

1.7 Position Reclassification of Purchasing/Warehouse Assistant to Maintenance Services Supervisor

1.8 Proposed Revisions to Resolution No.1529 – “Establishing Purchasing Policies and Procedures for the District”

ACTION ITEMS

BUENA CROSS TIE WITH LAND OUTFALL MANHOLE EMERGENCY REPAIR

District Engineer Gumpel provided background information on the repair that took place during the spring/summer of this year and facilitated a presentation on the Land Outfall Manhole Emergency Repair as follows:

* Land Outfall Sewer Pipeline
* Background and Activities
* Location
* Emergency Manhole Repair Video
* Summary of Costs

District Engineer Gumpel stated that Cass Construction was hired to perform the emergency repair as staff were unable to perform the repair primarily due to the depth and equipment required. The cost of the repair totaled $90,344.24. The City of Carlsbad and Buena Sanitation District will reimburse Vallecitos 23.98% and 17.99% respectively totaling $37,917.48 in accordance with the shared capacity and cost agreement with those agencies.

Staff recommended the Board approve payment to Cass Construction in the amount of $81,713.24 for emergency repair of the manhole.

20-08-07 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to approve payment to Cass Construction in the amount of $81,713.24.

COVID FINANCIAL REPORTING PRESENTATION

General Manager Pruim stated that in preparing the FY 2020/2021 budget, there were concerns regarding the financial impact COVID-19 may have on the District. In response to those concerns, staff committed to providing the Board with monthly financial tracking metrics to determine the accuracy and appropriateness of planning during the budget process.

Finance Manager Owen and Principal Financial Analyst Arthur facilitated a presentation, COVID-19 Financial Plan Update, with actual versus budget data as of July 31, 2020 which included:

* Water Sales/Production
* Water Sales Composition
* Water Sales Comparison
* Water Sales/Production
* Billing Timelines in Days
* Delinquency Charges (Fees)
* Fee Waivers Due to COVID-19
* Number of Accounts Delinquent
* Delinquency Charges – Year-To-Date
* Accounts Not Locked Due to COVID-19 (July)
* Lock Charges – Year-To-Date
* Bad Debt Expense – Year-To-Date

General discussion took place. General Manager Pruim stated that for now all of the financial data is comfortably within the established budget. The Board directed staff to continue to provide this information monthly.

SAN DIEGO COUNTY WATER AUTHORITY REGIONAL CONVEYANCE SYSTEM FEASIBILITY STUDY REVIEW

General Manager Pruim stated the San Diego County Water Authority (CWA) has proposed a project to transport Colorado River water to the CWA’s service area. The Regional Conveyance System (RCS) project would provide an alternative way for the CWA to receive its Colorado River water supplies. The CWA recently began a study comprised of two phases to determine the feasibility, financial cost, and economic impacts of building such a facility. The CWA’s biannual budget includes funding for both phases of the study with the understanding that there would be an “off ramp” at the conclusion of Phase A. Phase A is nearly complete. The CWA Board of Directors will be considering whether to proceed with Phase B or terminate the project at their August 27 Board meeting.

General Manager Pruim provided a broad overview of the reasons for the multi-billion dollar RCS project that could serve San Diego County residents and impact rate payers for the next 100 years. He discussed the water supply and rationale for the project from his perspective.

CWA Deputy General Manager Dan Denham, Kevin Davis of Black & Veatch, and CWA Rate & Debt Manager Pierce Rossum facilitated a presentation on the Regional Conveyance System Study Update as follows:

* Overview
* Why Study Regional Conveyance?
* Why Study It Now?
* Comparison to Inflation
* Current Two-Phase Study
* Three Routes Studied in Phase A
* Phase A Objectives
* Key Takeaways from Phase A
* Purpose – Start High and Refine
* Economic Analysis Approach
* Cost Comparison of Key Options
* RCS Baseline Analysis Illustrates Significant Opportunity
* Phase B – Focus on Partnerships, Economics

General discussion took place.

General Manager Pruim stated that due to the scope and magnitude of the proposed RCS project, the 18 general managers of the 24 CWA member agencies joined together to hire consultants Don MacFarlane of DLM Engineering, Inc. and Doug Gillingham of Gillingham Water to perform an independent analysis of the CWA RCS study.

Mr. MacFarlane and Mr. Gillingham facilitated a presentation, Regional Colorado River Conveyance Feasibility Study – Report of the MAM Independent Consultant, as follows:

* Independent Consultant Review – Scope
* Engineering and Cost Review
* B & V and HPG Provide Reasonable Cost Guidance
* Economic Analysis Review
* Draft Study Key Economic Findings
* Negotiated Exchange
* Conclusions
* Recommendation

General discussion took place.

General Manager Pruim stated his concerns about the RCS project, provided his recommendations, and asked for direction from the Board.

President Evans solicited input from the Board on their views of the RCS project and whether the CWA should proceed to Phase B of the study. The consensus of the Board was that as the CWA and independent consultants have differing opinions, the Board would like General Manager Pruim to draft a letter to the CWA Board requesting they delay their vote concerning proceeding to Phase B of the RCS study and to vote no if a delay is not possible.

20-08-08 MOTION WAS MADE by Director Sannella, seconded by Director Martin, and carried unanimously, to direct General Manager Pruim to draft a letter to the CWA Board opposing moving forward with Phase B of the RCS study if the CWA is going to make that decision at their August 27 meeting, and if the CWA is willing to delay the decision to allow more analysis and consideration, Vallecitos would support that.

REPORTS

GENERAL MANAGER

None.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin briefly discussed two types of conflicts of interest, one that falls under the Political Reform Act and another referred to as a 1090 conflict of interest, the latter which can have significant consequences relating to District contracts. He encouraged Board members to contact him whenever they think they might have a conflict of interest pertaining to a contract or agreement. He has been educating the districts he serves to clear up confusion on this complicated subject.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the Board will meet on Thursday, August 27.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the Capital Improvement Committee met this morning at which discussion continued regarding primary capital improvements. The co-generation building project is approximately 50% complete.

Director Martin stated the Policy and Finance Committee will meet on August 26.

STANDING COMMITTEES

Director Hernandez stated the Engineering/Equipment Committee met on August 17. Items discussed included the septage hauler siting study, the District wide solar project, the Capital Improvement Program Year End Report, and a Development Services update.

It was decided that the Finance/Investment Committee will meet on August 24.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Hernandez and Martin reported on their participation in the virtual California Association of Sanitation Agencies (CASA) Annual Conference August 12-13.

Director Elitharp stated he participated in several virtual events: August 22 – CWEA webinar regarding COVID-19, Overcoming Operations & Maintenance Challenges; August 27 – ACWA/JPIA Board meeting; July 29-30 – ACWA Summer Conference; August 11 – ACWA Water Quality Committee meeting; and August 12-13 – CASA Annual Conference.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

None.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 8:03 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, September 2, 2020, at 5:00 p.m. via teleconference.

Betty D. Evans, President

Board of Directors

Vallecitos Water District

ATTEST:

 Glenn Pruim, Secretary

 Board of Directors

Vallecitos Water District