

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, OCTOBER 21, 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 Norvell
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Scholl
Capital Facilities Engineer Santos
Asset Management Supervisor Bowman
Customer Service Supervisor Saavedra
Public Information/Conservation Supervisor Robbins
Principal Financial Analyst Arthur
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF OCTOBER 21, 2020

20-10-08 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of October 21, 2020.

PUBLIC COMMENT

General Manager Pruim stated no written comments from the public were received prior to the meeting and no participants wished to speak.

PRESENTATIONS

The Board acknowledged Lito Santos, Capital Facilities Engineer, for his professional accomplishment in earning his Certificate of Specialized Study in Water Management & Leadership from California State University San Marcos.

Chris Robbins, Public Information/Conservation Supervisor, presented a video, "The Work We Do: Twin Oaks Solar Project."

CONSENT CALENDAR

Director Sannella commented on Item 1.5 and asked how the District plans to communicate with customers who will be impacted by the road repairs. General Manager Pruim stated communications and engineering staff will be working together to notify residents.

20-10-09 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Public Awareness/Personnel/Policy Committee Meeting – October 6, 2020
- B. Closed Session Board Meeting – October 7, 2020
- C. Regular Board Meeting – October 7, 2020

1.2 Warrant List through October 21, 2020 - \$1,178,055.07

1.3 Financial Reports

- A. Water Meter Count – September 30, 2020
- B. Water Production/Sales Report – 2020/2021
- C. Quarterly Financial Report – September 30, 2020
- D. Per Capita Water Consumption – September 30, 2020
- E. Water Revenue and Expense Report – September 30, 2020
- F. Sewer Revenue and Expense Report – September 30, 2020
- G. Reserve Funds Activity – September 30, 2020
- H. Investment Report – September 30, 2020
- I. Legal Fees Summary – September 30, 2020

1.4 Operations & Maintenance Metrics Quarterly Update – September 30, 2020

1.5 Award of Construction Contract for the Repair of Asphalt Road

1.6. Final Acceptance of Water and Sewer Improvements for North City East Industrial Street and Carmel Street, APN 220-202-32 (Urban Villages San Marcos, LLC)

ACTION ITEMS

PARTICIPATION IN THE SAN DIEGO COUNTY WATER AUTHORITY'S NEW PERMANENT SPECIAL AGRICULTURAL WATER RATE PROGRAM

Public Information/Conservation Supervisor Robbins stated the San Diego County Water Authority (SDCWA) has provided a special agricultural water rate to certain farmer and grower customers of the District since 2008 through their Transitional Special Agricultural Water Rate (TSAWR) program. The TSAWR program provides participants a reduced

level of supply reliability in exchange for lower agricultural water rates. The TSAWR program is set to expire on December 31, 2020 and will be replaced with the new Permanent Special Agricultural Water Rate (PSAWR) program on January 1, 2021. The PSAWR program will continue to provide the District's farmers and agricultural customers who volunteer to participate reduced agricultural water rates tied to a reduced level of service during water shortages and emergencies as was available with the TSAWR program.

Public Information/Conservation Supervisor Robbins further stated the District has approximately 117 agricultural water customers of which some participate in the TSAWR program, some participate in the District's own Certified Non-Participating Agricultural Water Rate (CNPAWR) program, and some participate in both programs. Unlike the TSAWR program which required participants to be enrolled in the Metropolitan Water District's Interim Agricultural Water Program as of January 1, 2009, new and existing customers can join the PSAWR program. There is no minimum acreage requirement as there was with the TSAWR program. To participate in the program, agricultural customers must grow or raise, for commercial purposes, products of an agricultural, horticultural, or floricultural nature. The District will be required to verify its customers' eligibility requirement of being enrolled in one of four programs through the San Diego Regional Water Quality Control Board (Regional Board) or County of San Diego as follows:

- Regional Board General Agricultural Orders Enrollment List which pertains to general waste discharge requirements for pesticides and fertilizer runoff;
- Grower's List, an inventory of San Diego agricultural operators with a County of San Diego assigned operator identification number associated with pesticide use;
- Active Certified Producers certified by the County of San Diego's Department of Agriculture Weights and Measures to sell in certified farmers markets; and
- Organic Producers, a list maintained by the U.S. Department of Agriculture.

Public Information/Conservation Supervisor Robbins stated current TSAWR participants will be allowed to temporarily migrate into the PSAWR program on a conditional basis during a six-month period until their eligibility for the PSAWR program is verified. All PSAWR participants will be required to submit a completed enrollment form to the District. The District will be required to obtain written consent from their retail agricultural customers of their intent to enter the PSAWR program prior to entry into the program, will need to provide proof the enrollment form was received, and must verify eligibility annually.

Public Information/Conservation Supervisor Robbins reviewed elements of the PSAWR program regarding entering the program, restrictions on exiting the program, loss of a participant's eligibility and the appeal process, responsibilities of the SDCWA and the District, and improvements of the PSAWR compared to the TSAWR.

Public Information/Conservation Supervisor Robbins discussed the District's own separate CNPAWR program that was established during the 2007-2009 California Drought in response to customers' petitions for an agricultural rate that would not be subject to water use restrictions in times of drought or supply cutbacks. Currently, the District has

approximately 97 TSAWR customers and 23 CNPAWR customers. CNPAWR customers have no current consequences during times of drought and rates are flatlined in Tier 2 with no discount in Tier 1 and no increase in Tier 3. The District is currently conducting a water rate study and in doing so could consider the following options for the CNPAWR program:

- Keep the CNPAWR program as is;
- Eliminate the CNPAWR program and offer only the PSAWR program to agricultural customers; or
- Transition the CNPAWR classification to an irrigation classification available to grass areas such as parks or large landscapes on separate irrigation meters.

Staff recommended the Board approve the District's participation in the SDCWA's new PSAWR program.

20-10-10 MOTION WAS MADE by President Evans, seconded by Director Hernandez, and carried unanimously, to approve the District's participation in the SDCWA's new PSAWR program.

AWARD FOR PROFESSIONAL SERVICES AGREEMENT FOR THE MEADOWLARK FAILSAFE REHABILITATION (BUENA REACH) PROJECT

Capital Facilities Senior Engineer Morgan stated the Failsafe Outfall Sewer (Failsafe) pipeline is a 16-inch ductile iron pipeline installed in 1980 that connects the District's Meadowlark Reclamation Facility (MRF) to Encina Wastewater Authority's (EWA) Ocean Outfall. The Failsafe pipeline allows MRF to discharge up to three million gallons per day of secondary effluent directly into the ocean, bypassing the tertiary or recycled water treatment process at MRF and treatment at EWA. The Failsafe pipeline has three designated sections or reaches, of which responsibility is shared with the Buena Sanitation District (BSD) and the City of Carlsbad at different percentages based on existing agreements. Through existing agreements, the District is responsible for operating and maintaining the pipeline; however, incurred costs, including emergency repairs, are distributed among the agencies at specified percentages. Incurred costs for the Buena Reach are shared between BSD and the District equally at 50% each.

Capital Facilities Senior Engineer Morgan further stated two significant breaks occurred in the Buena Reach of the Failsafe pipeline in recent history, the first on December 20, 2018 and the second on April 20, 2020. Outside contractors were required to repair the breaks due to the depth of the pipe and scope of the work. Staff has made the Meadowlark Failsafe Rehabilitation (Buena Reach) Project a priority. The District submitted a Request for Proposals to three as-needed engineering firms on August 24, 2020 and asked that they present their experience in designing linear wastewater projects. District staff and BSD staff reviewed proposals received from all three firms. Nolte Vertical Five (NV5) was selected as the most qualified consultant with a total fee of \$144,672 for planning and design engineering services. The project is included in the District's fiscal year 2020/2021 budget with an approved capital budget of \$1,160,000 which will come entirely out of the sewer replacement funds. BSD will be responsible for 50% of the project's planning,

design, and construction efforts.

Staff recommended the Board authorize the General Manager to enter into a professional engineering services agreement with NV5 in the amount of \$144,672 for planning and engineering design services during construction for the Meadowlark Failsafe Rehabilitation (Buena Reach) Project.

General discussion took place.

20-10-11 MOTION WAS MADE by Director Elitharp, seconded by Director Sannella, and carried unanimously, to authorize the General Manager to enter into a professional engineering services agreement with NV5 in the amount of \$144,672 for planning and engineering design services during construction for the Meadowlark Failsafe Rehabilitation (Buena Reach) Project.

CALL FOR NOMINATIONS FOR THE LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICTS ADVISORY COMMITTEE

General Manager Pruim stated the San Diego County Local Agency Formation Commission (LAFCO) is calling for nominations for eight seats on the Special Districts Advisory Committee. To serve on the Special Districts Advisory Committee, one must be either an elected or appointed official or staff member of a special district. Nominations must be submitted by November 9, 2020.

The Board took no action on this item.

COVID FINANCIAL REPORTING PRESENTATION

General Manager Pruim stated that in preparing the FY 2020/2021 budget, assumptions were made regarding the financial impact COVID-19 may have on the District. Staff had committed to providing the Board with monthly updates on the actual impacts.

Finance Manager Owen and Principal Financial Analyst Arthur facilitated a presentation, COVID-19 Financial Plan Update, which included actual versus budget data as of September 30, 2020, as follows:

- Water Sales/Production
- 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 (September)
- Lock Charges – Year-To-Date

- Bad Debt Expense – Year-To-Date

General discussion took place during which Director Sannella inquired how the District plans to address payment plans for customers impacted by COVID. General Manager Pruim stated staff will develop options to work with affected customers.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- San Diego Gas & Electric has scheduled a planned power shut down in the Lake San Marcos area starting at 11:00 p.m. on October 22 through 6:00 a.m. on October 23. The District will be running its generator at the Lake San Marcos lift station during the power outage to maintain wastewater services. Residents in the immediate area near the lift station have been informed that they may hear low background noise during the power outage.
- District staff are performing two valve replacement projects that will require night work. This evening District crews will be replacing a water valve along Pacific Street near San Marcos Boulevard. On the evening of October 28, crews will be replacing a water valve in San Marcos Boulevard near Tamarisk Lane. Both projects have been coordinated with the City of San Marcos and their traffic department.
- The fall issue of the District's Between the Pipes quarterly newsletter will be mailed to customers on October 22.

DISTRICT LEGAL COUNSEL

Legal Counsel Norvell stated that his firm will work with District staff when developing payment options for customers impacted by COVID.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans stated the SDCWA Board will meet on October 22.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported that the Capital Improvement Committee met this morning. EWA has a new dashboard. The network improvement project is in the 90% design phase. There are currently eight construction projects in progress totaling \$33 million, including dryer safety improvements. The deteriorating wall of the co-generation building has been repaired and the scaffolding has been taken down.

Director Martin stated the next meeting of the Policy and Finance Committee is scheduled for October 28.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

President Evans reported on her participation in a virtual ACWA Region 10 meeting to discuss a presentation that Region 10 will co-chair with Region 9 and present at the virtual ACWA fall conference scheduled for December 2 – 3. The topic pertains to the Colorado River as it relates to the Salton Sea and desalinated water.

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 6:11 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, November 4, 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