

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, DECEMBER 2, 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
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Development Services Senior Engineer Scholl
Asset Management Supervisor Bowman
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 2, 2020

20-12-03 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of December 2, 2020.

PUBLIC COMMENT

None.

CONSENT CALENDAR

20-12-04 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

- A. Finance/Investment Committee Meeting – November 16, 2020
- B. Closed Session Board Meeting – November 18, 2020
- C. Regular Board Meeting – November 18, 2020

1.2 Approval of Construction Agreement for Kaiser Permanente Hospital – San Marcos Medical Center (Kaiser Foundation Hospitals), APNS 221-091-24 & 221-091-25

1.3 Award of Construction Contract for the Meadowlark Reclamation Facility
Uninterruptible Power Supply Installation Project

ACTION ITEM(S)

CALIFORNIA PUBLIC UTILITIES COMMISSION'S (CPUC) SELF-GENERATION
INCENTIVE PROGRAM

District Engineer Gumpel stated the District is subject to San Diego Gas & Electric (SDG& E) Public Safety Power Shutoff (PSPS) events which can occur during high demand, red flag or Santa Ana conditions that may threaten the electrical grid, requiring SDG&E to turn off electricity to prevent their equipment from causing a wildfire. The District currently uses a combination of onsite and portable generators as emergency backup power for its water and wastewater facilities to ensure uninterrupted water service to its customers and to protect the environment from potential wastewater spills that may occur during a PSPS.

District Engineer Gumpel further stated grant funds are available through the State of California for resiliency programs for backup power such as the California Public Utilities Commission's (CPUC) Self-Generation Incentive Program (SGIP) which promotes the use of energy storage through incentives to install battery storage systems to a customer's utility. Within the SGIP there are two higher rebate categories for non-residential customers, the Equity Incentive Program and the Equity Resiliency Incentive Program. The District would qualify for the Equity Resiliency Incentive Program which covers 100% of the cost, including operations and maintenance, as it meets the criteria of being in a High Fire Threat District (HFTD), is a critical facility which includes water, wastewater, or flood control facilities, it provides critical services or infrastructure to one or more communities in a HFTD, and at least one of those communities is a disadvantaged community or low-income census tract.

Staff began talking with Tesla Energy this past summer in regard to their battery energy storage installations and initially determined two sites that qualify for the SGIP program: the District's Administrative, Operations and Maintenance Facility, and the San Elijo Hills Pump Station located at 1697 San Elijo Road. Six additional District sites are currently under review. The SGIP program will primarily provide backup power during a PSPS event; however, it will provide flexibility to use battery power during peak energy rate times which could result in cost savings. Tesla's battery energy storage systems are integrated with the National Weather Service to know when severe weather or PSPS events are likely to occur which would trigger an alert to the District that the batteries are charging in preparation for the event. The District would own the system but maintenance will be performed by Tesla for the first 10 years. After that, the District has several options including recycling the battery system with Tesla at no cost or selling the batteries to a third-party.

Staff recommended the Board do the following:

- Approve two no-cost agreements for battery storage Power Pack Systems with Tesla, Inc. for the District headquarters site and the 1697 San Elijo Road site;

- Find the project exempt from Section 21000 et seq. of the California Public Resources Code (CEQA); and
- Authorize the General Manager to approve additional sites, changes, insertions, or omissions to the contracts as necessary and thereafter execute the contracts, so long as any changes, insertions, or omissions do not materially change the intent of the agreements. This includes any agreements with SDG&E, which are required to use the battery systems.

General discussion took place regarding the life span and replacement of the batteries and the December 31, 2020 grant deadline.

Michael Hunsaker, member of the public, expressed his opinion that public funds are financing this program and that Tesla is the lead contractor. Staff clarified that no District rate payer funds are being utilized for this SGIP project.

20-12-05 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to approve staff's recommendations as presented.

PROJECT ACCEPTANCE OF NORTH TWIN OAKS TANK NO. 1 REFURBISHMENT

Capital Facilities Senior Engineer Morgan stated the North Twin Oaks Tank No. 1, built in 1961, was last inspected in 2015. The existing interior lining and exterior coating of the tank had deteriorated and required full refurbishment. This project removed and replaced the existing lining and coating, and due to the age of the tank and level of deterioration, replacement of the ceiling rafters was required. Equipment was also upgraded to meet current standards of the American Water Works Association and Cal/OSHA.

Capital Facilities Senior Engineer Morgan further stated that on December 5, 2018, the Board awarded Harper & Associates Engineering a purchase order in the amount of \$54,415 for the design and inspection of the tank. Upon review of bids from three contractors, staff determined Capital Industrial Coatings LLC to be the lowest apparent responsive bidder. The Board awarded the contract to Capital Industrial Coatings LLC for \$446,425 at their March 18, 2020 meeting. The project was completed on October 22, 2020 with a total of two changes orders which resulted in a credit of \$38,650 to the District. Due to an extended construction schedule for unforeseen conditions, Harper & Associates Engineering needed to amend their contract by \$6,263 for additional specialty inspection services. The project was completed with a projected budget surplus of \$14,847.

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

- 20-12-06 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, to accept the project and authorize the General Manager to file a Notice of Completion and the release of retention funds following the 60-day notice, provided no claims are filed.

ADJUSTMENT TO THE GENERAL MANAGER'S COMPENSATION

Legal Counsel Gilpin stated that pursuant to General Manager Pruim's current four-year contract, effective December 5, 2018, he is entitled to the same cost-of-living adjustments as other full-time District management employees. In addition, he is eligible for up to a 3% merit increase in salary. The Board recently conducted General Manager Pruim's annual performance review. Based on his performance, the Board is proposing, in lieu of a discretionary merit increase of up to 3%, to consider paying General Manager Pruim a one-time performance-based lump sum bonus in the amount of \$12,000. The bonus would be contributed toward a retirement medical reimbursement account at the discretion of the General Manager.

General discussion took place.

- 20-12-07 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, to approve a one-time lump sum bonus in the amount of \$12,000 for General Manager Pruim.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Traffic will continue to be impacted on San Marcos Boulevard through most of January due to the ongoing San Marcos Interceptor Sewer Project.
- Due to red flag conditions in San Diego County, SDG&E is urging customers to be prepared for a multi-day Public Safety Power Shutoff event beginning late tonight through 6:00 p.m. on December 5. Customers in the San Elijo area of the District are the most likely to experience power outages and may obtain further information on SDG&E's website at www.sdge.com/ready. District operations staff are prepared for power outages to ensure District facilities will continue to operate without problems.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin expressed his pleasure in working with retiring President Evans and Director Martin for the past three years.

SAN DIEGO COUNTY WATER AUTHORITY

President Evans reported on her attendance to the Board meeting on November 19 at which the Board voted to continue on to the next phase of the Regional Conveyance System project.

President Evans expressed her gratitude to the Vallecitos Board of Directors for supporting her on the SDCWA Board and congratulated Director Elitharp on his appointment as delegate to the SDCWA Board.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning. The Committee reviewed the Capital Improvement Status Report which included information pertaining to the bio solids management plan, construction of the Supervisory Control and Data Acquisition (SCADA) system, a design-build project for the HVAC chiller replacement at the Administration Building, and digester cleaning and coating.

Director Martin reported on his attendance to the Policy and Finance Committee yesterday at which the Committee considered a contract for award at the next Board meeting.

STANDING COMMITTEES

Director Martin stated the Ad Hoc Committee met recently at which the Committee received an update from the consultant pertaining to the development of the adjacent hillside property.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

General Manager Prium stated this was the last Board meeting for retiring Directors Evans and Martin. He expressed his thoughts by reading a poem he wrote for the occasion and sharing his personal insights.

Directors Sannella, Elitharp, and Hernandez provided comments to the retiring Directors regarding their contributions to the Board.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez inquired about the status of the District's solar project at the Lift Station

No. 1 site. District Engineer Gumpel stated all of the equipment has been installed and that staff is waiting for final approval from the City of San Marcos.

ADJOURNMENT

There being no further business to discuss, President Evans adjourned the Regular Meeting of the Board of Directors at the hour of 6:06 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, December 16, 2020, at 5:00 p.m. via teleconference.

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

ATTEST:

Glenn Pruijm, Secretary
Board of Directors
Vallecitos Water District