

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, DECEMBER 16, 2020, AT 5:00 PM, VIA TELECONFERENCE

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

Present: Director Boyd-Hodgson  
Director Elitharp  
Director Hernandez  
Director Pennock  
Director Sannella

Staff Present: General Manager Pruim  
Legal Counsel Gilpin  
District Engineer Gumpel  
Finance Manager Owen  
Operations & Maintenance Manager Pedrazzi  
Development Services Senior Engineer Scholl  
Customer Service Supervisor Saavedra  
Principal Financial Analyst Arthur  
Systems Administrator Drummond  
Executive Secretary Posvar

Others Present: Genny Lynkiewicz, Chandler Asset Management

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 16, 2020

20-12-10 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the agenda for the Regular Board Meeting of December 16, 2020.

PUBLIC COMMENT

None.

PRESENTATION

General Manager Pruim provided a brief introduction of recently elected Directors James Pennock (Division 1) and Tiffany Boyd-Hodgson, Ph.D. (Division 5). As Secretary of the Board of Directors, General Manager Pruim administered the Oath of Office to them as well as Director Sannella who was re-elected to the Board.

Alan Geraci, member of the public, welcomed Director Boyd-Hodgson to the Board and wished good luck to the entire Board.

CONSENT CALENDAR

Director Boyd-Hodgson requested clarification on Items 1.3D and 1.3E, Water and Sewer Revenue and Expense Reports, pertaining to net operating expense, to which staff responded.

20-12-11 MOTION WAS MADE by Director Hernandez, seconded by Director Pennock, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – December 2, 2020
- B. Regular Board Meeting – December 2, 2020

1.2 Warrant List through December 16, 2020 - \$6,271,441.42

1.3 Financial Reports

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

1.4 Approval of Construction Agreement for Discovery Village Segments 1 & 3 Discovery Street & Craven Road Water & Sewer Improvements (Discovery SL, LLC)

ACTION ITEM(S)

ANNUAL BOARD TRANSITION

General Manager Pruim stated that each December the Board reorganizes and appoints a new President and Vice President. Information on the historical rotation of the positions was presented.

At Director Boyd-Hodgson's request, Directors Sannella and Elitharp stated their vision for the Board.

20-12-12 MOTION WAS MADE by Director Hernandez, seconded by Director

Pennock, and carried unanimously, to elect Director Sannella President and Director Elitharp Vice President of the Board of Directors.

**COMMITTEE APPOINTEES AND REPRESENTATIVES**

President Sannella distributed a list of proposed committee and representative assignments for 2021 to the Board.

Director Boyd-Hodgson requested to be made an alternate on a couple of the committees.

General discussion took place during which General Manager Pruim stated that historically the District has had a delegate and an alternate for the Encina Wastewater Authority (EWA); however, the San Diego County Water Authority does not allow alternates. Legal Counsel Gilpin clarified Brown Act rules regarding alternates on committees.

Director Boyd-Hodgson requested to be made an alternate on the EWA Board.

20-12-13 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Hernandez, and carried unanimously, to approve the committee and representative assignments for 2021 as amended.

**COMMITTEES**

ENGINEERING/EQUIPMENT	Elitharp (C), Hernandez
FINANCE/INVESTMENT	Sannella (C), Boyd-Hodgson
LEGAL/LEGISLATIVE AFFAIRS	Hernandez (C), Pennock
PUBLIC AWARENESS/PERSONNEL/POLICY	Boyd-Hodgson (C), Pennock
HILLSIDE PROPERTY DEVELOPMENT AD HOC	Sannella, Hernandez
AD HOC	Will be assigned on as needed basis (C) = Chairperson

**REPRESENTATIVES**

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)/JOINT POWERS INSURANCE AUTHORITY	Delegate: Pennock
CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA)	Delegate: Elitharp
ENCINA WASTEWATER AUTHORITY	Delegates: Hernandez and Sannella Alternate: Boyd-Hodgson
SAN DIEGO COUNTY WATER AUTHORITY (SDCWA)	Delegate: Elitharp

**PROPOSED 2021 INVESTMENT POLICY RESOLUTION**

Finance Manager Owen stated the District's investment policy is reviewed by staff and presented to the Board annually for their consideration. He provided background

information on the proposed 2021 investment policy.

Genny Lynkiewicz of Chandler Asset Management, the District's investment advisor, reviewed the following recommended changes to the investment policy:

**Section 5: Authorized Financial Institutions, Depositories, and Broker/Dealers**

- Added broker-dealers to the list of institutions eligible to transact with the District to more closely align with California Government State Code (CGC) Section 53601.5. (Page 4)

**Section 6: Authorized Investments**

- Section 6.3 Federal Agencies/GSEs; recommend increasing the maximum investment per agency from 25% to 30%. (Pages 6, 8)
- Added language to Section 6.5 Commercial Paper to more closely align with CGC Section 53601(h). (Page 6)
- SB 998, which becomes effective 1/1/21, allows local agencies with assets under management of more than \$100 million to purchase up to 40% of the portfolio in eligible commercial paper until 1/1/26. (Pages 6, 9)

**Section 12: Risk Management and Diversification**

- Recommend changing the downgrade language in Section 12.1, Mitigating Credit Risk in the Portfolio, to allow the investment manager to sell the securities without waiting for prior approval. (Page 11)

General discussion took place regarding the conservative nature of the investments.

Staff recommended the Board approve and adopt the Annual Investment Policy Resolution for calendar year 2021.

20-12-14 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Pennock, and carried unanimously, to approve and adopt the Annual Investment Policy Resolution for calendar year 2021.

Resolution No. 1580 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Elitharp, Hernandez, Pennock, Sannella,  
NOES:  
ABSTAIN:  
ABSENT:

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 November 30, 2020, as follows:

- Active Meters by Size
- Active Meters by Type
- Water Sales/Production
- Water Sales Comparison
- Water Sales/Production (April 2020 - November 2020 vs. 2019)
- 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 (November)
- Lock Charges – Year-To-Date
- Bad Debt Expense – Year-To-Date

General discussion took place regarding the actions staff takes to assist customers who fall behind on their bills and how the excess funds in the current budget will be used. Finance Manager Owen stated staff will begin working on the fiscal year 2021-2022 budget in January at which time the budget surplus will be considered.

## REPORTS

### GENERAL MANAGER

General Manager Pruim reported the following:

- Kaiser Permanente is in the beginning stages of construction for a new 200-bed hospital located north of their existing medical facilities off of Craven Road. As with any new development requiring water or wastewater services, this project is required to pay capital facility fees for their share of infrastructure necessary to support the new development. Kaiser has paid their capital facility fees of over \$4 million for this project: approximately \$1.1 million for water and \$2.9 for wastewater.
- Work is well underway along San Marcos Boulevard near Pacific Street on the District's San Marcos Interceptor Sewer Project to replace the main sewer line that runs through the City of San Marcos within the District's service area. The project

- requires drilling and digging underneath the road that will continue through mid to late January. Traffic control is being coordinated with the City of San Marcos.
- General Manager Pruum provided background information on the District-wide solar project for the new Board members. The work at the Twin Oaks Reservoir site is nearly complete; however, San Diego Gas and Electric (SDG&E) will not allow it to be activated until the other site at Lift Station No. 1 is complete. The project at Lift Station No. 1 had been on hold awaiting permitting from the City of San Marcos. The District recently received the required permits from the City of San Marcos. The contractor is now able to begin installation activities at that site which will take approximately one month to complete. Staff anticipates that the entire system at both sites will be activated by SDG&E on February 19, 2021.
  - This is the last Board meeting of 2020.
  - The District has been dealing with COVID-19 for the past ten months of this year, which has been a constantly evolving situation due to changing regulations. He reviewed steps the District has taken to comply such as purchasing temperature scanning equipment and extra laptop computers and printers so that staff can remain productive while working remotely, as well as renting a trailer for additional office space for staff at the District's Meadowlark Reclamation Facility. Staff has remained productive throughout all of the changing scenarios. A few employees have contracted COVID-19; however, to date, it is unknown if the affected employees contracted the virus through work. He thanked staff for their cooperation in regard to daily temperature checks, wearing masks, and maintaining social distancing.
  - With the imminent release of the COVID-19 vaccine, Governor Newsom has appointed a group to determine how the vaccine will be distributed to the public. A state-wide coalition is encouraging the state's Public Health Officer to include essential workers within the utilities sectors in the state's vaccination plan which could put many of the District's critical employees to the front of the line. General Manager Pruum will keep staff and the Board apprised as further details are available.

#### DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin provided a brief update on Assembly Bill (AB) 992 as it relates to the Brown Act regarding serial meetings and social media. AB 992 creates a clearly defined rule that states members of a legislative body such as this Board may not respond directly to communications posted on the Internet by other members of the same legislative body regarding a matter within the jurisdiction of that legislative body. This would include posting a "like" or "thumbs up" type of response to a Director's post on Facebook. He cautioned the Directors to refrain from posting responses to other Director's posts regarding pending District business or future projects on the District's social media sites.

General discussion took place.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp stated that as the District's new delegate to the San Diego County Water Authority (SDCWA) Board, he completed Board orientation on December 1 and was sworn in on December 7. He attended his first Board meeting on December 10 at which the Board received a legislative update from California Senator Brian Jones and selected Mona Rios, for Vice Chair, replacing Christy Guerin who had recently stepped down from that position. Ms. Rios is the first Latina to hold an executive position on the SDCWA Board in its 76-year history.

### ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the next meeting of the Capital Improvement Committee is scheduled for February 17, 2021, and the next Board meeting will be held on February 24.

President Sannella stated he was present for the Policy and Finance Committee meeting virtually at which the Committee received an overview of EWA's finance policy and discussed their meeting calendar for 2021.

### STANDING COMMITTEES

President Sannella requested a Finance Committee meeting be held this month.

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

Director Elitharp reported on his participation in the virtual Association of California Water Agencies (ACWA) Fall Conference December 2 – 3, an ACWA Water Quality Committee meeting on December 14, and a webinar regarding COVID-19 presented by the California Water Environmental Association and California Association of Sanitation Agencies on December 15.

Director Boyd-Hodson reported on her attendance in an unofficial capacity to the virtual SDCWA Board meeting on November 18. She stated she also viewed a virtual tour of the Valencia Reclamation Plant and attended her homeowner's association meeting in San Elijo Hills last night.

### OTHER BUSINESS

Director Boyd-Hodgson commented that in reviewing the quarterly Board expenses, she noticed that a Boys & Girls Club of San Marcos event was included in reimbursements to Directors. She asked if Directors are typically reimbursed for attendance to charity functions and how charitable organizations are chosen.

Director Hernandez stated Directors do not receive a per diem to attend the Boys & Girls Club annual auction. For those events, the District typically purchases a table for attendees. The Boys & Girls Club annual auction is one of the largest charitable events and the Board considers it as a way for the District to be more visible in the community.

President Sannella concurred with Director Hernandez, stating he believes the Boys & Girls Club annual auction is a good forum for the District's public outreach while supporting a good cause. He suggested the Public Awareness/Personnel/Policy Committee consider establishing parameters as to how and when the Board supports charitable organizations and bring this topic to the Board for discussion.

This item was presented for information only.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Directors Hernandez, Elitharp, and Sannella offered their wishes for a happy holiday.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:51 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, January 6, 2021, at 5:00 p.m. via teleconference.

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Michael A. Sannella, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruum, Secretary  
Board of Directors  
Vallecitos Water District