

**PURSUANT TO EXECUTIVE ORDERS ISSUED BY GOVERNOR NEWSOM,
ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE MEETING
VIA TELECONFERENCE**

**AGENDA FOR A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 2, 2021, AT 5:00 P.M.
VIA TELECONFERENCE**

NOTICE TO THE PUBLIC

Due to the evolving situation with the COVID-19 Novel Coronavirus, so long as state or local public health officials have imposed or recommended social distancing measures Vallecitos Water District will hold future meetings via teleconferencing and allow members of the public to observe and address the meeting telephonically or otherwise electronically. During this period of time, Vallecitos Water District will not be making any physical location available for members of the public to observe the meeting and offer public comment. The public is encouraged to watch and participate in the meeting from the safety of their homes. The meeting can be viewed on the agenda page located on the main page of the District's website. Public comments or questions can be submitted to the following email address: PublicComment@vwd.org. All written comments that are received at least 90 minutes before the meeting will be provided to the Board, and a record of the receipt of comment will be noted during the meeting. Members of the public viewing the meeting via the Zoom videoconferencing platform can express their desire to provide input at the appropriate time by utilizing the "Raise Hand" function. Additional instructions for online participation will be posted on the District's website. www.vwd.org/meetings

CALL TO ORDER – PRESIDENT SANNELLA

PLEDGE OF ALLEGIANCE

ROLL CALL

In the case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity which severely imperils public health, safety, or both. Also, items which arise after the posting of the Agenda may be added by a two-thirds vote of the Board of Directors.

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 2, 2021

PUBLIC COMMENT

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until the matter is placed on a future agenda in accordance with Board policy. Public comments are limited to three minutes. A Request to Speak form is required to be submitted to the Executive Secretary prior to the start of the meeting, if possible. Alternatively, persons wishing to address the Board at this time may utilize the "Raise Hand" feature of the Zoom videoconferencing platform. Public comment should start by stating name, address and topic. The Board is not permitted during this time to enter into a dialogue with the speaker.

PRESENTATION

President Sannella will acknowledge Engineering Services Assistant Alison Fretwell's attainment of her Certificate for Water Distribution Operator Grade 2 from the State Water Resources Control Board.

CONSENT CALENDAR

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case it will be considered separately under Action Items.

1.1 APPROVAL OF MINUTES

A. ENGINEERING/EQUIPMENT COMMITTEE MEETING – MAY 10, 2021

Approved minutes become a permanent public record of the District.

Recommendation: Approve Minutes

1.2 WARRANT LIST THROUGH JUNE 2, 2021 - \$4,648,797.69

Recommendation: Approve Warrant List

1.3 AWARD OF CONSTRUCTION CONTRACT FOR THE REPAIR OF ASPHALT AND SEALCOATING OF DISTRICT FACILITIES

The District's paved facilities require occasional repairs and maintenance.

Recommendation: Authorize the General Manager to Execute a Contract with Koch General Engineering, Inc. for \$56,656.07

1.4 APPROVAL OF CONSTRUCTION AGREEMENT FOR NGUYEN SINGLE FAMILY RESIDENCE, APN: 222-360-35 (DUY AND PETRA NGUYEN)

The project is located on La Sombra Drive south of Baja Way and north of Sunrise Way.

Recommendation: Approve Construction Agreement

1.5 REQUEST FOR ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS THE "MONTIEL RD PARTNERS/RAMIREZ SEWER ANNEXATION", APNS: 228-120-48, 49, 50, 51, 52 & 53 INTO THE VALLECITOS WATER DISTRICT AND SEWER IMPROVEMENT DISTRICTS 5 & 6 (MONTIEL PARTNERS, LP)

The properties are located on Montiel Road between Nordahl Road and St. Paul Drive in the City of San Marcos.

Recommendation: Approve Annexation with Conditions

*****END OF CONSENT CALENDAR*****

PUBLIC HEARING

2.1 PUBLIC HEARING FOR THE 2020 URBAN WATER MANAGEMENT PLAN

The Urban Water Management Plan Act requires the Urban Water Management Plan to be updated every five years.

Recommendation: Receive comments from the public on the District's draft 2020 Urban Water Management Plan

ACTION ITEM(S)

3.1 VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2021/2022 BUDGET

The recommended FY 2021/2022 budget is presented for consideration and approval.

Recommendation: 1) Approve revised Vallecitos Water District CalPERS Unfunded Accrued Liability Funding Policy; and 2) Approve the Recommended FY 2021/2022 Budget

3.2 RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES WITH ONE OR MORE ISSUANCES OF TAX-EXEMPT OBLIGATIONS

A reimbursement resolution allows for reimbursement of certain expenditures for project costs from proceeds of a future bond issuance.

Recommendation: Adopt the Resolution

3.3 ADOPTION OF RESOLUTION ORDERING THE ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORTH COAST CHURCH", APNS 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH)

The property is located at 2355/2375 Montiel Road in San Marcos north of Highway 78 and east of Nordahl Road.

Recommendation: Adopt the Resolution

3.4 ACWA REGION 10 NOMINATING COMMITTEE SEEKING REGION 10 BOARD CANDIDATES

At the May 19, 2021 Board meeting, Director Hernandez indicated his desire to serve on the ACWA Region 10 Board of Directors.

Recommendation: Adopt Resolution placing in nomination James Hernandez for the ACWA Region 10 Board of Directors

*****END OF ACTION ITEMS*****

REPORTS

4.1 GENERAL MANAGER

4.2 DISTRICT LEGAL COUNSEL

4.3 SAN DIEGO COUNTY WATER AUTHORITY

4.4 ENCINA WASTEWATER AUTHORITY
- *Capital Improvement Committee*
- *Policy and Finance Committee*

4.5 STANDING COMMITTEES

4.6 DIRECTORS REPORTS ON MEETINGS/CONFERENCES/SEMINARS ATTENDED

*****END OF REPORTS*****

OTHER BUSINESS

5.1 MEETINGS

*****END OF OTHER BUSINESS*****

6.1 DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

*****END OF DIRECTORS COMMENTS/FUTURE AGENDA ITEMS*****

7.1 ADJOURNMENT

*****END OF AGENDA*****

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the Executive Secretary at 760.744.0460 ext. 264 at least 48 hours prior to the meeting.

Audio and video recordings of all Board meetings are available to the public at the District website www.vwd.org

AFFIDAVIT OF POSTING

I, Diane Posvar, Executive Secretary of the Vallecitos Water District, hereby certify that I caused the posting of this Agenda in the outside display case at the District office, 201 Vallecitos de Oro, San Marcos, California by 8:00 p.m., Friday, May 28, 2021.

Diane Posvar

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, JUNE 2, 2021, AT 5:00 PM, VIA TELECONFERENCE

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
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Principal Financial Analyst Arthur
Systems Administrator Drummond
Engineering Services Assistant Fretwell
Administrative Secretary Johnson

Others Present: Leanne Hammonds, HDR

Director Pennock led the pledge of allegiance.

ADOPT AGENDA FOR THE REGULAR MEETING OF JUNE 2, 2021

21-06-01 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Hernandez, and carried unanimously, to adopt the agenda for the Regular Board Meeting of June 2, 2021.

PUBLIC COMMENT

President Sannella stated one email was received from a member of the public and was shared with the Board.

Gayle Martin, member of the public, provided comments regarding the reimbursement resolution, FY 2021/2022 budget, current Master Plan, and current capital facility fee study.

PRESENTATION

President Sannella acknowledged Engineering Services Assistant Alison Fretwell's attainment of her Certificate for Water Distribution Operator Grade 2 from the State Water Resources Control Board.

CONSENT CALENDAR

21-06-02 MOTION WAS MADE by Director Elitharp, seconded by Director Pennock, and carried unanimously, to approve the Consent Calendar as presented.

- 1.1 Approval of Minutes
 - A. Engineering/Equipment Committee Meeting – May 10, 2021
- 1.2 Warrant List through June 2, 2021 - \$4,648,797.69
- 1.3 Award of Construction Contract for the Repair of Asphalt and Sealcoating of District Facilities
- 1.4 Approval of Construction Agreement for Nguyen Single Family Residence, APN: 222-360-35 (Duy and Petra Nguyen)
- 1.5 Request for Annexation of Certain Property Designated as the “Montiel RD Partners/Ramirez Sewer Annexation”, APNs: 228-120-48, 49, 50, 51, 52 & 53 Into the Vallecitos Water District and Sewer Improvement Districts 5 & 6 (Montiel Partners, LP)

PUBLIC HEARING

PUBLIC HEARING FOR THE 2020 URBAN WATER MANAGEMENT PLAN

President Sannella opened the hearing as duly noticed and posted. The hearing opened at 5:13 p.m.

General Manager Pruim stated the purpose of the hearing was to receive public comments regarding the District’s proposed 2020 Urban Water Management Plan (UWMP), a document required by the state to be updated every five years in years ending in “0” or “5.” The UWMP must be submitted to the state by July 1, 2021. Its purpose is to analyze the District’s water supply compared to projected demands over the planning horizon. It also provides guidance to set water conservation goals and policies for the District. The District hired the consulting firm HDR to prepare the 2020 UWMP.

Leanne Hammonds of HDR provided a presentation on the 2020 UWMP as follows:

- UWMP Background
 - Changes in Water Code
 - Reduced Reliance on the Delta
- Plan Preparation
- System Description
- System Water Use
- Baselines and Targets
- Water Supplies
- Water Supplies – Future Projects
- Water Supply Reliability Assessments
- Water Shortage Contingency Planning/Plan
- Plan Adoption, Submittal and Implementation

General discussion took place.

Mike Hunsaker, member of the public, commented on drought limitations and Colorado River water supplies, and asked how mandatory cutbacks are addressed in the UWMP.

There being no additional members of the public wishing to address the Board, President Sannella closed the hearing at 5:44 p.m.

Adoption of the 2020 UWMP will be considered at the June 16 Regular Board meeting.

ACTION ITEM(S)

VALLECITOS WATER DISTRICT RECOMMENDED FISCAL YEAR 2021/2022 BUDGET

General Manager Pruum stated the Recommended Fiscal Year (FY) 2021/2022 Budget is the culmination of six months of staff work, several Finance/Investment Committee meetings and a Board workshop, resulting in a prudent, fiscally sound budget. Although the budget is higher than last year's budget, virtually all of the increases are due to increased water purchase costs, wastewater treatment costs, and materials and supplies. The budget also includes the California Public Employees' Retirement System (CalPERS) Unfunded Accrued Liability (UAL), the District's most expensive debt.

Finance Manager Owen facilitated a presentation on the Recommended FY 2021/2022 Budget, along with Principal Financial Analyst Arthur who discussed water sales and purchases and sewer revenue, as follows:

- Budget Process & Calendar
- 2021/2022 Budget - \$93,445,000
- 2021/2022 Water Operating Expense Budget - \$45,581,000
- Operating Budget – Water
- 2021/2022 Wastewater Operating Expense Budget - \$13,772,000
- Operating Budget – Sewer
- Salary & Benefits Budget-to-Budget Comparison
- Operating Budget – Salaries & Benefits
- Operating Budget – Full-Time Equivalent Employees
- Salaries & Benefits Initiatives
- Water Sales – Distribution
- Water Sales – Revenue
- Water Purchases
- Sewer Revenue
- Capital Budget-to-Budget Comparison
- Capital Improvement Projects by Function Total
- CalPERS UAL Funding Policy
- Total Reserve Balances
- Replacement Reserves

- Days in Cash

Question and answer took place during the presentation. Director Boyd-Hodgson asked if the Accounts Analyst position is included in the recommended budget. General Manager Pruium stated it is not and that staff will be working during the next year to develop a scope and plan for that position and analyze the related issue of capacity purchases.

Questions and comments received from members of the public pertained to projected rate increases, a cyber-attack/ransomware recovery plan, inflation in commercial building construction costs, increased utility costs for desalinated water and days in cash, to which staff responded.

Staff recommended the Board approve the District's CalPERS UAL Funding Policy and the Recommended FY 2021/2022 Budget which reflects the CalPERS UAL Funding Policy.

Further discussion took place regarding the Accounts Analyst position. Staff will present additional information to the Board at a future Board meeting after they have completed their analysis of the position.

21-06-03 MOTION WAS MADE by Director Elitharp, seconded by Director Hernandez, and carried unanimously, to approve the District's UAL Funding Policy and Recommended FY 2021/2022 Budget.

RESOLUTION DECLARING INTENT TO REIMBURSE CERTAIN EXPENDITURES WITH ONE OR MORE ISSUANCES OF TAX-EXEMPT OBLIGATIONS

Finance Manager Owen stated the purpose of the reimbursement resolution is to declare the District's intent to reimburse its reserves with future debt proceeds for eligible project expenses included in the approved FY 2021/2022 budget.

Staff recommended the Board adopt the reimbursement resolution.

21-06-04 MOTION WAS MADE by Director Hernandez, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the reimbursement resolution.

Resolution No. 1588 - The roll call vote was as follows:

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

ADOPTION OF RESOLUTION ORDERING THE ANNEXATION OF CERTAIN PROPERTY DESIGNATED AS "NORTH COAST CHURCH", APNS 228-370-39 & 228-370-20 INTO THE VALLECITOS WATER DISTRICT SEWER IMPROVEMENT DISTRICTS 5 & 6 (NORTH COAST CHURCH)

District Engineer Gumpel provided details of the sewer only annexation into the District's Sewer Improvement Districts 5 and 6. The property, located at 2355/2375 Montiel Road in San Marcos, is in the District's water service boundary and receives water service from the District; however, the property is outside of the District's sewer service area. The conditions for annexation were approved by the Board at the March 18, 2020 Board meeting. All conditions have been met by the property owner and annexation fees have been paid.

Staff recommended the Board adopt the resolution ordering the annexation of APNs 228-370-20 and 228-370-39 into the District's Sewer Improvement Districts 5 and 6.

General discussion took place.

21-06-05 MOTION WAS MADE by Director Pennock, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the resolution.

Resolution No. 1589 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Elitharp, Hernandez, Pennock, Sannella

NOES:

ABSTAIN:

ABSENT:

ACWA REGION 10 NOMINATING COMMITTEE SEEKING REGION 10 BOARD CANDIDATES

General Manager Pruim stated that at the May 19 Board meeting, Director Hernandez expressed his interest in serving on the ACWA Region 10 Board. A completed nomination form and a resolution of support from the candidate's Board of Directors must be submitted to the ACWA Region 10 Nominating Committee by June 30 for consideration.

21-06-06 MOTION WAS MADE by Director Elitharp, seconded by President Sannella, and carried unanimously, to adopt the resolution placing in nomination James Hernandez for the ACWA Region 10 Board of Directors.

Resolution No. 1590 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Elitharp, Hernandez, Pennock, Sannella

NOES:

ABSTAIN:

ABSENT:

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- The majority of paving along San Marcos Boulevard in the vicinity of the San Marcos Interceptor Project has been completed. All lanes of traffic are now open. A slurry seal will be placed over areas of the roadway that were repaired as well as older areas that were not addressed, and traffic striping will be applied.
- When considering reopening the District office to resume in-person Board and committee meetings, the District must follow Cal/OSHA's regulations. It is anticipated that Cal/OSHA will determine new workplace rules at their meeting on June 3. Staff will monitor regulations and will place this item on the June 16 Board agenda.
- An audit of the District's finances is conducted every year by a third party independent auditing firm. The interim audit will begin on June 14 and the more detailed field work associated with the audit will begin in September.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated under Cal/OSHA regulations, Board meetings are not considered a workplace and Board members are not employees; however, the regulations include provisions for employers to provide a safe work environment for their employees. Relative to the June 15 state reopening, there is a question of what impact the Governor's actions will have on the Executive Order which included the waiver of the Brown Act that allowed virtual public meetings. Governor Newsom clarified that the colored tiers will be rolled back on June 15, but not the Executive Order provisions as they apply to public agencies.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp stated the SDCWA Board met on May 27. The Board adopted a resolution setting the time and place for a public hearing on June 24 to receive comments regarding proposed rates and charges to be effective January 1, 2022. Additional Board actions included adoption of an updated Statement of Debt Management and Disclosure Policy, authorization of the General Manager to join the San Diego Community Power for non-exempted meters at the power on rate schedule, adoption of positions on various assembly and state senate bills, and adoption of their 2020 UWMP, Water Shortage Contingency Plan and Addendum to the 2015 UWMP.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated the Capital Improvement Committee will meet on June 16.

President Sannella stated the Policy and Finance Committee will meet next week. He reported on his attendance to the Board meeting at which the Board took action to move forward with the Clean Energy Alliance at 100% tariff.

STANDING COMMITTEES

None.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Hernandez and Sannella reported on their attendance to the virtual California Special Districts Association (CSDA) San Diego Chapter quarterly meeting.

Director Boyd-Hodgson reported on her participation in a virtual CSDA training required for the Board's goal of obtaining platinum status for the District's transparency certificate.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Boyd-Hodgson requested Resolution No. 1450 be placed on a future agenda in July for review.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 7:20 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, June 16, 2021, at 5:00 p.m. via teleconference.

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

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District