

MINUTES OF A MEETING OF THE
ENGINEERING/EQUIPMENT COMMITTEE
OF THE VALLECITOS WATER DISTRICT
MONDAY, JULY 12, 2021 AT 3:00P.M.
VIA TELECONFERENCE

Director Elitharp called the meeting to order at the hour of 3:05 p.m.

Present: Director Elitharp
Director Hernandez
District Engineer Gumpel
Capital Facilities Senior Engineer Morgan
Asset Management Supervisor Bowman
Engineering Services Assistant Fretwell

ITEM(S) FOR DISCUSSION

PROJECT REVIEW FOR PALISADES ESTATES PHASE 1 & PHASE 2 ESCROW AGREEMENT (PROGRAM RESOURCES, INC.)

District Engineer Gumpel stated that Palisades Estates was previously in a 4-year escrow agreement for Phase 1, and the developer has agreed to enter into a new escrow agreement for Phases 1 and 2 combined.

The County of San Diego requires a commitment for water service up front; therefore, the District allowed the developer to place the money for capacity fees in an escrow account until it is required by the District before occupation. If the capacity fees are raised, the owner will have to pay the increased rates.

Staff determined that a 4 or 6-year escrow agreement would be fair since the District would collect future capacity fees before occupation. The developer prefers the 6-year agreement since it includes Phases 1 and 2, and Phase 2 is still not approved by the County.

The Committee supports staff bringing a new 6-year escrow agreement back to the Board.

ASSET MANGEMENT PLAN UPDATE

Asset Management Supervisor Bowman presented the differences between the Asset Management Program and the Asset Management Plan. The program is focused on business practices, while the plan is a defined tactical report of the current assets. Great progress has been made in the last 18 months with the progression of the Asset Management Program, which is estimated to take 3 years total. Additionally, development of the Asset Management Plan will take 6-8 months depending on the components.

Asset Management Supervisor Bowman stated that the current asset replacement cost of \$776 million requires careful planning to ensure adequate reserves. The Asset Management Plan will assist in planning by identifying needs based on standardized asset renewal and replacement scenarios.

Asset Management Supervisor Bowman stated the next step is to send out a Request For Proposal (RFP) to have a consultant create our Asset Management Plan. The plan is already budgeted for, and the District can prioritize which aspects the consultant will spend focused time on. Staff would like to get input from the Board on what components to focus on and what deliverables they want. The performance and longevity of the District's assets currently exceed the industry average both nationally and regionally.

General discussion took place about the reserve policy and how the District currently rates the level of service. The Asset Management Plan will not be completed this fiscal year but is expected to be available for the 20/23 or 23/24 fiscal year to help direct reserve policy decisions.

SUNRISE ORIX UPDATE

District Engineer Gumpel provided an update to the proposed Sunrise Orix 860 ft. sewer extension along Barham Road. Located on the edge of the District's sewer service area, the proposed development could be served by the District or by the City of Escondido through an exchange agreement. If the new development were served by the District, the District would collect \$1,877,123.60 in wastewater capital facility fees based on current rates. If the new development were served by the City of Escondido, the District would only collect 8.2% of the City's capacity fees, which amounts to \$437,123.60.

District Engineer Gumpel stated that this is a situation where the developer could extend and upsize the existing 8" sewer pipeline to a 10" sewer pipeline for partial reimbursement. The 8" sewer pipeline would be adequate for the proposed 192 multi-family unit apartment complex (143.6 EDUs); however, planned use and proposed land use both show growth in this area. The actual amount of sewer demand is hard to determine due to the type of growth. Upsizing the sewer to 10" may be prudent to meet the needs of the approved and/or proposed land use.

District Engineer Gumpel further stated that previously the Committee's direction to staff was to come back with a recommendation. After clarifying current costs, speaking with the developer, and discussion with the City of Escondido, staff is prepared to give a recommendation.

District Engineer Gumpel presented options for working with the development on the sewer extension and upsizing. The Committee and staff discussed each option and compared them to the estimated net capacity fees that would be collected after reimbursement.

Staff recommended Option 2 and Option 3. General discussion took place. The Committee supports a standard construction agreement with extra language for

reimbursement following Option 3, to secure the net capacity fees of \$1,633,053 and a maximum reimbursement for upsizing the sewer of \$244,069.74.

The developer needs to complete the annexation before a construction agreement can be made. The annexation is anticipated to go before the Board on July 21, and the construction agreement is anticipated for the August Board meeting.

DISTRICT WIDE SOLAR UPDATE

Capital Facilities Senior Engineer Morgan provided an update on the District Wide Solar Project that is near completion. Construction was demobilized in June, and the District received permission to operate from SDGE on June 17. The system is running and generating power.

Capital Facilities Senior Engineer Morgan stated there is only one large item remaining, a ribbon-cutting ceremony. Staff will coordinate with the Board and Kenyon Energy to plan a ceremony in late August. Kenyon Energy will come from Florida to tour the facilities and attend the ceremony.

Capital Facilities Senior Engineer Morgan added that there have been no complaints from neighbors, and an additional 20 accounts will benefit from this site. The project will transfer over to the Asset Management Department shortly.

MRF CONVERSION TO SODIUM HYPOCHLORITE

Capital Facilities Senior Engineer Morgan provided an update on the Meadowlark Reclamation Facility (MRF) Conversion to Sodium Hypochlorite Project. On July 2, a Request For Proposal (RFP) went out to prospective engineering consultants. Staff is beginning the process of having an on-site pre-proposal meeting and site walk to answer any questions before proposals are due. If required, consultants will be interviewed at the end of August. Award of the design is slated for the September 15 Board Meeting.

Capital Facilities Senior Engineer Morgan stated this is a critical project because chlorine gas brings a hazard to our employees and the community. The conversion to sodium hypochlorite was previously done at the Twin Oaks site, and it is finally time to complete this important project at the MRF site.

District Engineer Gumpel added that chlorine gas was initially used because it was less costly. At the time, there were no houses around MRF, but now it is surrounded by homes. Chlorine gas could be a risk to the employees and the community. Removal of the hazard has been a top priority.

MRF MISCELLANEOUS PROJECTS UPDATE

Capital Facilities Senior Engineer Morgan provided an update of five Capital Improvement Program projects at the Meadowlark Reclamation Facility (MRF) that are in various stages of design and construction. The projects are anticipated to be

completed within the next two years, will require the services of multiple outside contractors, and include:

- Headworks Auger Replacement
 - In Construction
 - Expected completion in October 2021
- Aeration Basins & Bio Selector
 - In Construction
 - Expect completion late 2021
- Tertiary Structural Improvements and Coating
 - Finalizing bid documents now
 - Advertise in August
 - Expect completion February 2022
- Chlorine Contact Tank Expansion
 - May receive grant funding to potentially move forward soon
- Odor Scrubber #1 Replacement
 - Materials shortage
 - Backordered ship date is September 7
 - Expected completion late 2021

OTHER BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:21 p.m.