

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, DECEMBER 15, 2021, AT 5:00 PM, AT THE DISTRICT OFFICE
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez (Arrived 5:06 p.m.)
Director Pennock
Director Sannella

Staff Present: General Manager Pruim
Assistant General Manager Gumpel
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
Finance Manager Owen
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Morgan
Public Information/Conservation Supervisor Robbins
Wastewater Treatment Plant Supervisor McDougale
Principal Financial Analyst Arthur
Information Technology Technician Todd
Administrative Secretary Johnson

Others Present: John Wright, Raftelis

Director Pennock led the pledge of allegiance.

ADDITIONS TO THE AGENDA

21-12-08 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Pennock, to add an item to the agenda to reconsider the appointment of the Vice President of the Board of Directors.

Following general discussion, Director Boyd-Hodgson withdrew her motion as this item would be addressed later in the meeting under 5.1, Directors Comments/Future Agenda Items.

ADOPT AGENDA FOR THE REGULAR MEETING OF DECEMBER 15, 2021

21-12-09 MOTION WAS MADE by Director Sannella, seconded by Director Boyd-Hodgson, and carried unanimously, with Director Hernandez absent, to adopt the agenda for the Regular Board Meeting of December 15, 2021.

PUBLIC COMMENT

None.

Director Hernandez joined the meeting at 5:06 p.m.

PRESENTATIONS

The plaque to be installed at the Meadowlark Reclamation Facility administrative office building honoring Wastewater Treatment Plant Supervisor Dawn McDougle's 33 years of service and many contributions to the District was unveiled. Ms. McDougle was also congratulated on her upcoming retirement from the District.

The Huell Howser Excellence in Communication Award, bestowed to the District by the Association of California Water Agencies for the "Work We Do" video series created by staff, was presented to President Elitharp.

President Elitharp presented Director Sannella with a plaque commemorating his service as 2021 Board President.

CONSENT CALENDAR

21-12-10 MOTION WAS MADE by Director Hernandez, seconded by Director Sannella, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Regular Board Meeting – November 17, 2021
- B. Finance/Investment Committee Meeting – November 22, 2021
- C. Regular Board Meeting – December 1, 2021
- D. Public Awareness/Personnel/Policy Committee Meeting – December 6, 2021
- E. Engineering/Equipment Meeting – December 6, 2021

1.2 Warrant List through December 15, 2021 - \$806,708.30

1.3 Financial Reports

- A. Water Meter Count – November 30, 2021
- B. Water Production/Sales Report – 2021/2022
- C. Per Capita Water Consumption – November 30, 2021
- D. Water Revenue and Expense Report – November 30, 2021
- E. Sewer Revenue and Expense Report – November 30, 2021
- F. Reserve Funds Activity – November 30, 2021
- G. Investment Report – November 30, 2021
- H. Legal Fees Summary – November 30, 2021

1.4 Proposed 2022 Investment Policy Resolution

1.5 Architectural Design Professional Services Agreement Award for the Maintenance Services Building C Tenant Improvements

ACTION ITEM(S)

UPDATE ON WATER COST OF SERVICE STUDY

General Manager Pruim stated that whenever an agency is considering raising its rates, it must follow a well-defined process to ensure the public is well informed and has an opportunity to provide input. Preparation of a Cost of Service Study (COSS) is one part of the process.

General Manager Pruim further stated it has been a year and a half since the District last increased rates. The purpose of this item was to provide the Board with an update on the COSS to date and for the Board to provide direction to staff on how to proceed with the completion of the COSS and the rate setting process.

Principal Financial Analyst Arthur and John Wright of Raftelis facilitated a presentation on the COSS Update/Scenarios as follows:

- Cost of Service Study Process
- What is Cost of Service?
- California Proposition 218: A Cost of Service Mandate
- Cost of Service: Allocation to Cost Components
- Study Objectives
- Recent Water Cost of Service History
- Conclusions from Board Ranking of Pricing Objectives
- Current Commodity Rates
- Current Readiness to Serve Charges
- Current Pumping Surcharges
- Cost of Service Study Scenarios
- Cost of Service Study Scenarios Not Modeled
- Rate Summary – Average Single Family Residence
 - Base Scenario
 - Desal as a Fixed Charge
 - Property Tax/RDA Offset to Tier 1 and Tier 2
- Basis for Recommendation
- Incremental but Substantive Improvement
- Drought Rates
- Pump Zones
- Next Steps
- COSS Calendar Proposal/Deadlines

General discussion and question and answer took place during the presentation.

Gayle Martin, member of the public, asked if an HOA falls into Tier 3 and how many people comprise an average single family residence. Staff responded to her questions and Director Sannella offered to meet with her to review her monthly bill.

General Manager Pruim clarified that the Proposition 218 process is for water rates only. Staff anticipates no change in sewer rates.

Further general discussion took place regarding the three scenarios presented. The consensus of the Board was to direct staff to pursue the third scenario, Property Tax/RDA Offset, with option C, 88.5% to Tier 1 and 11.5% to Tier 2.

WATER SERVICE SHUT-OFF MORATORIUM

General Manager Pruim stated the District curtailed shut-offs of water and wastewater service for non-payment in February 2020, ahead of the Governor's Executive Order N-42-20 prohibiting shut offs that was issued in April 2020. The executive order was scheduled to terminate on September 30, 2021. At the September 15, 2021, Board meeting, the Board directed staff to resume pre-COVID practices regarding shut-offs for non-payment if the executive order was not extended past September 30, 2021. Senate Bill 155, signed into law on September 23, extended the shut off prohibition until at least December 31, 2021.

General Manager Pruim further stated staff will resume its normal shut off practices when allowed to on January 1, 2022. As a participant in the state's arrearages program to assist customers who fell behind on their bills, the District must credit those customers with any funds received from the arrearages program, provide them the opportunity to set up a payment plan, and give them 30 days to make payment arrangements. After 30 days, if no payment arrangement has been made, the District can proceed with normal shut off procedures.

This item was presented for information only.

2022 STRATEGIC PLAN

Public Information/Conservation Supervisor Robbins stated the Board received a presentation on the 2022 Strategic Plan on November 3, 2021. At that time the Board requested text related to climate change be added in two places in Strategic Focus Area 6, Environmental Stewardship, and also requested additional options for a new Vision Statement. The placement of the added text and seven options for the Vision Statement were reviewed.

General discussion took place. The consensus of the Board was for the Vision Statement to state: To be a best-in-class utility for "One Water."

Staff recommended the Board adopt the 2022 Strategic Plan with the modifications and Vision Statement as discussed.

21-12-11 MOTION WAS MADE by Director Boyd-Hodgson, seconded by Director Hernandez, and carried unanimously, to adopt the 2022 Strategic Plan with the modifications discussed.

WATER SUPPLY CONDITIONS UPDATE

Public Information/Conservation Supervisor Robbins facilitated a presentation, Update on Water Supply Conditions, as follows:

- State Water Board Emergency Regulations
- Vallecitos Declares a Level 1 – Drought Watch (Voluntary)
- Northern Sierra 8-Station Precipitation Index
- Snowpack Water Content
- California Reservoir Storage
- Colorado River Shortage Declared
- Colorado River Status
- Three-Month Temperature Outlook
- Three-Month Precipitation Outlook
- Vallecitos Water Sales Data
- Conclusion

General discussion took place.

This item was presented for information only.

COMMITTEE APPOINTEES AND REPRESENTATIVES

President Elitharp provided his recommendations for the Board committee and agency representative appointments for 2022.

21-12-12 MOTION WAS MADE by Director Sannella, seconded by Director Hernandez, and carried unanimously, to approve the committee and representative appointments as presented.

COMMITTEES

ENGINEERING/EQUIPMENT
FINANCE/INVESTMENT
LEGAL/LEGISLATIVE AFFAIRS
PUBLIC AWARENESS/PERSONNEL/POLICY
HILLSIDE PROPERTY DEVELOPMENT AD HOC
AD HOC

Jim Hernandez (C), Craig Elitharp
Craig Elitharp (C), Tiffany Boyd-Hodgson
Jim Pennock (C), Mike Sannella
Tiffany Boyd-Hodgson (C), Jim Pennock
Mike Sannella (C), Jim Hernandez
Will be assigned on as needed basis
(C) = Chairperson

REPRESENTATIVES

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) ENERGY COMMITTEE	Member:	Tiffany Boyd-Hodgson
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) GROUNDWATER COMMITTEE	Member:	Jim Hernandez
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) MEMBERSHIP COMMITTEE	Member:	Vacant
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) WATER QUALITY COMMITTEE	Member:	Tiffany Boyd-Hodgson
ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 BOARD	Member:	Vacant
ACWA/JOINT POWERS INSURANCE AUTHORITY	Delegate: Alternate:	Jim Pennock Craig Elitharp
CALIFORNIA ASSOCIATION OF SANITATION AGENCIES (CASA)	Delegate: Alternates:	Craig Elitharp Jim Hernandez & Jim Pennock
ENCINA WASTEWATER AUTHORITY (EWA)	Delegates: Alternate:	Jim Hernandez & Mike Sannella Tiffany Boyd-Hodgson
SAN DIEGO COUNTY WATER AUTHORITY (SDCWA)	Delegate:	Craig Elitharp
CITY OF SAN MARCOS GENERAL PLAN ADVISORY COMMITTEE (GPAC)	Delegate: Alternate:	Jim Pennock Tiffany Boyd-Hodgson
SAN DIEGO NORTH ECONOMIC DEVELOPMENT COUNCIL (SDNEDC)	Delegate:	Mike Sannella

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Construction Inspection Supervisor Lee Kirby will be retiring from the District on December 30 with 22 years of service.
- The City of San Marcos General Plan Advisory Committee will meet on December 16 at 6:00 p.m. at the City's Community Services Building, 3 Civic Center Drive.

- The City of San Marcos will be issuing a proclamation to the District on January 11, 2022 to acknowledge the District's assistance with installation of hydration stations in several of the City's parks. The District secured grant funds to purchase the bottle filling devices. President Elitharp will accept the proclamation on the District's behalf.
- Staff has initiated the process to issue refunds of the proceeds (approximately \$1.25 million) from the lawsuits between San Diego County Water Authority and Metropolitan Water District of Southern California. The refunds will show as credits on customer bills. The process should be completed by January 12.
- The January 5, 2022, Board meeting is cancelled due to its close proximity to the holidays. The meeting may be rescheduled to January 12 if the Board is available. The January 19 Board meeting will be cancelled due to lack of a quorum as three Board members will be attending the CASA Winter Conference on that day.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin provided an update on the Kessner litigation, a state-wide Proposition 218 case. The District is one of 82 defendants. A hearing was held last Thursday regarding a motion to dismiss that Best Best & Krieger filed on behalf of the District and five other agencies in San Diego County. A tentative ruling was made to dismiss the lawsuit.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp stated the CWA Board has scheduled a Special Meeting on December 16 to consider extending remote Board meetings.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported the Capital Improvement Committee approved a change order for the primary area improvement project at their December 8 meeting.

Director Sannella reported on the action taken by the EWA Board regarding COVID vaccination incentives for their employees.

Director Hernandez announced that Scott McClellan was selected to be the new EWA General Manager.

STANDING COMMITTEES

Director Elitharp stated the Engineering/Equipment Committee met on December 6. The Committee received updates on several projects.

Director Hernandez stated the Hillside Property Development Ad Hoc Committee met on December 7. An update will be provided to the Board in February.

Director Boyd-Hodgson stated the January 3, 2022, Public Awareness/Personnel/Policy Committee meeting has been rescheduled to January 10, 2022.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Hernandez reported on his attendance to the Association of California Water Agencies Fall Conference November 30 – December 2, 2021.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Boyd-Hodgson expressed her concern that the recent rotation of Board Vice President and President conflicts with Ordinance No. 216 which states that each Director will have the opportunity to hold the office of President once during their first term.

General discussion took place regarding the need to review Ordinance No. 216. Director Boyd-Hodgson requested the Board reconsider the appointment of the Vice President that took place at the December 15 Board meeting. Director Hernandez requested a review of Ordinance No. 216. Both of these items will be placed on a future agenda.

Director Hernandez requested an update on the proposed scholarship program.

ADJOURNMENT

There being no further business to discuss, President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 7:55 p.m.

A Special Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, January 12, 2022, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruum, Secretary
Board of Directors
Vallecitos Water District