

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE VALLECITOS WATER DISTRICT  
WEDNESDAY, AUGUST 15, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,  
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

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

Director Evans led the pledge of allegiance.

Present: Director Evans  
Director Martin  
Director Sannella  
Director Hernandez

Absent: Director Elitharp

Staff Present: General Manager Pruiam  
Legal Counsel Gilpin  
District Engineer Gumpel  
Finance Manager Owen  
Operations & Maintenance Manager Pedrazzi  
Development Services Senior Engineer Scholl  
Information Technology Supervisor Labarrere  
Public Information/Conservation Supervisor Robbins  
Human Resources Analyst Anderson  
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 15, 2018

18-08-03 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to adopt the agenda for the Regular Board Meeting of August 15, 2018.

INTRODUCTION

Human Resources Analyst Bridget Anderson introduced new employee Vincent Gonzalez, Construction Worker I.

PRESENTATIONS

Public Information/Conservation Supervisor Robbins introduced the 2018 WaterSmart Landscape Contest Winners: Third Place, Patti Joyce and Jeffrey Moore; Second Place, Dennis and Shannon Root. The First Place winners, Rhonda Holmes and Jeff Jenco, were not able to attend the presentation. The winners received a certificate, lawn sign, gift card to a local nursery, and gift bag containing water conservation materials.

Information Technology Supervisor Labarrere provided an update on the Boardroom Audiovisual and Lighting Upgrades Project. Manufacturing delays have affected delivery of a few key components necessary for the new electronic voting system. The original

camera and displays are still in use temporarily to provide presentation, audio and video recording capabilities. To date, larger monitors have been installed with additional monitors for the General Manager and Legal Counsel. Monitors and microphones have been ordered for the new staff table. A new podium is being fabricated which will have a screen, microphone, and countdown timer. The project is expected to be completed on August 29.

### PUBLIC COMMENT

None.

### CONSENT CALENDAR

18-08-04 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to approve the Consent Calendar as presented.

#### 1.1 Approval of Minutes

- A. Regular Board Meeting – July 18, 2018
- B. Engineering/Equipment Committee Meeting – July 23, 2018

1.2 Warrant List through August 15, 2018 - \$4,448,783.19

#### 1.3 Financial Reports

- A. Water Meter Count – July 31, 2018
- B. Water Production/Sales Report – 2018/2019
- C. Water Revenue and Expense Report – July 31, 2018
- D. Sewer Revenue and Expense Report – July 31, 2018
- E. Reserve Funds Activity – July 31, 2018
- F. Investment Report – July 31, 2018
- G. Legal Fees Summary – July 31, 2018

### ACTION ITEMS

#### CONSTRUCTION CONTRACT AWARD FOR ROCK SPRINGS SEWER REPLACEMENT PROJECT

District Engineer Gumpel provided background on the project which involves replacing and upsizing the existing 8-inch clay sewer pipe with 12-inch and 15-inch PVC pipe. Infrastructure Engineering Corporation (IEC) completed a Sewer Planning Study in 2010. The Board approved a design contract for IEC on July 21, 2010. The project slowed due to the commitments of higher priority capital improvement projects, additional right-of-way acquisitions, environmental coordination, and budget deferment. The District received environmental clearance to work in the project area in 2015 and final right-of-way acquisition was completed on June 2, 2017. The project went out to

bid in May 2018. Burtech Pipeline was the lowest bidder. A protest letter was received from James W. Fowler Co., the second lowest bidder, which was reviewed and rejected without merit by Counsel and staff. Construction management and inspection will be performed by staff. IEC will provide construction phase services including biological and archeological monitoring support.

Staff recommended the Board reject the protest letter from James W. Fowler Co. as without merit, approve amendment No. 6 to the Engineering Services Agreement with IEC for construction phase services in the amount of \$71,250, and authorize General Manager Pruim to execute a construction contract with Burtech Pipeline in the amount of \$2,163,994, subject to the provisions of the contract.

General discussion took place regarding the timeline for the project and its impact to customers. District Engineer Gumpel estimated the project may take approximately nine months; however, construction will not be taking place during the entire nine months. Disruptions to customers are expected to be minimal as the original sewer pipe will still be in service while the new pipe is constructed. Staff has been working with the homeowners' association to disseminate project information to homeowners.

18-08-05 MOTION WAS MADE by Director Evans, seconded by Director Sannella, and carried unanimously, with Director Elitharp absent, to reject the protest letter from James W. Fowler Co. as without merit, approve amendment No. 6 to the Engineering Services Agreement with IEC for construction phase services in the amount of \$71,250, and authorize General Manager Pruim to execute a construction contract with Burtech Pipeline in the amount of \$2,163,994, subject to the provisions of the contract.

#### WATEREUSE ASSOCIATION BOARD OF DIRECTORS CALL FOR NOMINATIONS

General Manager Pruim stated the Nominating Committee of the WaterReuse Board of Directors is issuing a call for nominations to fill two Board vacancies.

The Board took no action.

#### REPORTS

##### GENERAL MANAGER

General Manager Pruim provided an update on the ongoing lawsuit between the San Diego County Water Authority (SDCWA) and Metropolitan Water District (MWD). The lawsuit was remanded to the Superior Court of which Judge Mary Wiss issued a Scope of Remand Proceedings which includes the following findings:

- MWD will be paying approximately \$28.7 million to SDCWA plus 10% interest. This pertains to the water stewardship rate they were illegally charging SDCWA.
- MWD is not entitled to show what they should have charged SDCWA had they known they couldn't charge the water stewardship rate.
- SDCWA is not entitled to seek "offsetting benefits" which, by wheeling its Colorado River Water supplies, SDCWA actually saved MWD money in that MWD did not have the expense of securing other water supplies.
- SDCWA is entitled to a judgement and damages regarding the rate structure integrity language which is language MWD included in their contracts stating that in the event they were sued by SDCWA, MWD would cancel incentive programs. There were damages associated with two agreements that included incentive programs that were cancelled. The desal project was not one of the two projects.
- August 31 is the deadline for both parties to submit new briefings for further proceedings.
- A hearing will be held to determine restitution amounts, the prevailing party, and attorney fees.
- This particular litigation pertains only to the 2011/2012 rate lawsuit. All subsequent rate lawsuits have been put on hold pending the outcome of the 2011/2012 case.

General Manager Pruim stated the desal plant gets its feed water from the cooling that goes through the Encina power station. "Once-through cooling" is a process where ocean water is taken in to cool the generators and then discharged into a lagoon. The desal plant tied into that discharge. Cooling hot water makes it easier and slightly cheaper to produce desal water. The Encina power station is being re-powered with a new, more efficient engine which will air cool the water as "once-through cooling" is no longer allowed in California. The desal plant now must build their own ocean intake structure. The original water purchase agreement between SDCWA and Poseidon anticipated this and allows Poseidon to charge more for water if conditions change. The agreement includes generic escalators for power and CPI; however, for unforeseen conditions, the water purchase agreement limits the price over the term of the contract so that a price increase cannot be over 30% and no more than 10% in any given year. The cost of desal could go up by 30% for unforeseen conditions. The SDCWA estimates building a new intake facility could increase the cost of desal water by 8%, but this probably wouldn't happen until 2023. The water purchase agreement stipulates that Poseidon cannot increase the price until the new facility is operational.

General discussion took place.

General Manager Pruim provided an update on the State's proposed water tax on all residential water users to create a fund that would help pay for water quality improvements in disadvantaged communities, primarily farming communities in the Central Valley where groundwater basins were impacted by agricultural runoff, pesticides, and fertilizers. SB 623 and a trailer bill with similar provisions were introduced to address funding: tax the polluter (fertilizer producers) or residential customers. Both measures stalled due to protests from water agencies and customers.

There is a last push for the water tax legislation with minor modifications before the end of the two-year legislative session on August 31. Modifications include pursuing more money from the fertilizer industry, securing money from the State budget that was set aside for water quality improvements, and modifying the water tax to have a “required voluntary contribution” where customers could opt out of the water tax placed on their bill.

### DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin reported on the Cory Briggs lawsuit. Mr. Briggs, on behalf of San Diegans for Open Government, sued the SDCWA for an alleged Brown Act violation based on four SDCWA representatives attending Metropolitan Water District (WMD) Board of Directors meetings. In mid-July the Superior Court ruled in favor of the SDCWA finding a Brown Act violation had not taken place because the four SDCWA representatives were a part of the larger 38-member MWD Board to be congregating. Under the Brown Act for there to be a meeting, there must be a congregation of more than a majority who are discussing, deliberating, or taking action on an item outside of a public meeting.

Legal Counsel Gilpin discussed serial meetings, explaining that there are six exceptions to the meeting rule concerning Brown Act violations:

- Individual contact with staff or the press if only to solicit information, not to advocate positions to be conveyed to others
- Attendance of three or more Board members to conferences providing there is no discussion of issues relative to the District among the Board members
- Attendance of three or more Board members to community meetings at which they may comment on their position on a policy
- Attendance of three or more Board members to meetings of other legislative bodies providing there is no discussion of District business among the Board members
- Attendance of a Board member to a standing committee meeting of the Board to which they are not a member, provided that the non-committee member is only at the meeting to observe and does not comment or participate in the discussion
- Social events providing three or more Board members do not discuss District business among themselves

Legal Counsel Gilpin stated there was a delay in the informational hearings last week to present amendments to the State Water Contracts.

### SAN DIEGO COUNTY WATER AUTHORITY

Director Evans stated the SDCWA held a special meeting on August 9 to discuss water policy decisions. There has been confusion regarding SDCWA’s support for fixing the Delta. SDCWA does support fixing the Delta, but not without first having a cost analysis

completed. SDCWA will resist anything that puts an unfair burden on the SDCWA such as transportation fees rather than supply costs.

Director Evans reported on her attendance to the JPA Water Conservation Garden quarterly meeting on August 13 at which they reached a new five-year operating agreement with their members. She stated the Executive Director is retiring.

#### ENCINA WASTEWATER AUTHORITY

President Hernandez reported on his attendance to the Capital Improvement Committee meeting this morning at which discussion took place regarding the plant rehabilitation close out and mitigation for a settlement concerning the incorrect installation of pipes.

General Manager Pruiim reported on his attendance to the Policy and Finance Committee meeting on August 7 on behalf of Director Elitharp who was unable to attend. Items discussed included the biennial review of EWA's Conflict of Interest Statement, a resolution for authorization of financial transactions, and the establishment of a policy for review and approval of leases, easements and licenses.

#### STANDING COMMITTEES

Director Evans stated the Public Awareness/Personnel/Policy Committee will meet at 10:00 a.m. on August 21.

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

Directors Martin and Hernandez reported on their attendance to the California Association of Sanitation Agencies Annual Conference August 8 – 10.

#### OTHER BUSINESS

None.

#### DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin asked why it's taking so long for any movement on the District-wide solar project. District Engineer Gumpel briefly explained the project phasing and Request for Proposal process.

Director Evans commented she is glad the lawsuit with Diamond Environmental Services has been resolved.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 6:37 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, September 5, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

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James Hernandez, President  
Board of Directors  
Vallecitos Water District

ATTEST:

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Glenn Pruijm, Secretary  
Board of Directors  
Vallecitos Water District