Director Elitharp called the meeting to order at the hour of 3:03 p.m.

Present: Director Elitharp
          General Manager Pruim
          District Engineer Gumpel
          Capital Facilities Senior Engineer Hubbard
          Development Services Senior Engineer Scholl
          Capital Facilities Engineer Santos
          Administrative Secretary Johnson

Absent: Director Hernandez

Others Present: Kevin Ross, TerraVerde Energy

ITEM(S) FOR DISCUSSION

SOLAR FEASIBILITY REPORT

District Engineer Gumpel introduced Kevin Ross of TerraVerde Energy (TVE) who provided an overview of the solar feasibility report executive summary his firm completed for the District.

Mr. Ross stated that in preparing the report, TVE studied the District’s properties and electrical loads to locate sites with open space and large electrical loads which could be offset with a preferred Net Energy Metering (NEM) project. California law allows anyone (commercial or residential) with a solar project to send unused energy to the power grid for credit which provides an offset to normal utility billing. Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) is another program available only to commercial entities which allows the building of a solar generating project on their own or leased property and transferring energy produced to the grid for monetary bill credit. The credits can be allocated by the commercial entity to their various meters.

Mr. Ross discussed possible sites for a solar project. Lift Station 1 has been identified as a possible site for a NEM project because the site has a fairly large electrical load and approximately 2 ½ acres of open, graded, fenced, drained property. The project would only take up roughly a third of the 2 ½ acre site. Based on current rates and Time of Use (TOU) periods, projected savings is a little over $1 million over 25 years for an optimal-sized project, assuming a cash purchase scenario. There are financing options
available such as third-party Power Purchase Agreements (PPAs) with terms of 20 or 25 years which could be considered as well.

Twin Oaks Reservoir was identified as another possible site for a RES-BCT solar project. Savings at the Twin Oaks site are estimated to be approximately $4 million over 20 years. South Lake is not a good option because of its surrounding topography. The Mahr Reservoir could be considered for a RES-BCT project but would require floating solar panels which are more expensive.

Mr. Ross stated that due to excessive amounts of energy being on the grid, particularly during mid-day, and increasing demands in the late afternoon and early evening hours, the California Public Utilities Commission (CPUC) has granted investor-owned utilities the ability to change the definition of TOU periods effective January 1, 2018 in SDG&E territory. The TOU periods are used to define the cost of energy at any given time. The most valuable period for net metering credit was from 11:00 a.m. – 6:00 p.m. but has now shifted to 4:00 p.m. – 9:00 p.m. This makes RES-BCT solar projects less attractive because the credit earned during that time of production is mid or off-peak credit.

Mr. Ross further stated the CPUC has allowed commercial entities that already had solar projects in place or in progress to be grandfathered on their meter where the solar is interconnected to delay the new TOU period schedules for up to 10 years. District Engineer Gumpel stated the District has grandfathered the Twin Oaks Reservoir and Lift Station 1 sites until 2027.

District Engineer Gumpel stated staff is seeking direction from the Committee whether they wish to move forward on the projects to be considered: a NEM project at Lift Station 1, a RES-BCT project at Twin Oaks Reservoir, or a RES-BCT project at Mahr Reservoir, before refining the report and bringing it back to the Board for consideration.

District Engineer Gumpel explained that the consulting contract with TVE has three phases, the first and current of which is planning. The second phase of the contract, if the Board decides to move forward with one or more of the projects, is the design phase during which the Request for Proposal process, contract and PPA negotiation, etc. would take place. The third phase is TVE’s assistance in the construction process. Funds have been budgeted for all consulting phases of the contract. If the District chooses to finance a solar project with a PPA, the District would have several buy-out options during the 20 or 25-year term. If the District does not exercise a buy-out option they could take over ownership and maintain the system, remove the system, or ask for an extension of the PPA.

District Engineer Gumpel noted that the scope of the study does not include the Mahr Reservoir site. He will reach out to Olivenhain Municipal Water District (OMWD) to see if they are interested in partnering with VWD for a possible solar project at that site.

Director Elitharp was agreeable to moving forward with the Lift Station 1 and Twin Oaks Reservoir sites. Additional information is needed on the Mahr Reservoir site.
Staff will complete the review of the solar feasibility report for the Lift Station 1 and Twin Oaks Reservoir sites and meet with OMWD regarding the Mahr Reservoir site. Once all the information has been gathered, staff will bring a recommendation to the Board for consideration in September or October.

Mike Hunsaker, member of the public, inquired about the annual increase in the cost of power over the past decade. Mr. Ross stated costs have increased less than 5% annually over the past 30 years and that SDG&E recently announced a rate increase of 28% over a five-year period with 18% of that increase effective in the first two years.

**VWD GROUNDWATER BASIN STUDY**

District Engineer Gumpel provided background on the study to date. At the Committee’s direction, staff is researching what the potential for the groundwater basin is, the costs involved, and possible grant funding for the study. Staff met with Woodard and Curran on September 25, 2017 to discuss the best approach to identify options and funding. Woodard and Curran proposed three options to evaluate time, effort and potential costs. On December 6, 2017 the Board considered the contract for Woodard and Curran to perform the groundwater basin study; however, the contract was not awarded.

General Manager Pruim stated sufficient information needs to be gathered before a decision can be made as to whether this is something worth pursuing. Director Elitharp concurred with him.

Staff will work with Woodard and Curran to update the scope of the study and bring it back to the Committee for further discussion.

**AWARD OF ROCK SPRINGS SEWER PROJECT**

Capital Facilities Engineer Santos provided a presentation on the Rock Springs Sewer Replacement capital improvement project which included background information, objectives, design issues and budget. The need for the project was identified in the 2002 and 2008 Master Plans. A planning study was completed in 2009. Bid documents were completed in May 2018. Bids were received on July 19 and are currently under legal review.

Staff anticipates presenting a construction contract for this project to the Board for approval at the August 15 Regular Board meeting.

Mike Hunsaker, member of the public, asked if the need for the Rock Springs Sewer Project had been missed in the 2002 Master Plan. Staff clarified that the project was identified in the Master Plan in phases. The Rock Springs project is to be completed in the current phase.
STARGAZE PILOT PROJECT UPDATE

Capital Facilities Senior Engineer Hubbard provided an update on the Stargaze Court and River Run Court Pilot Project which included project background, location, overview, schedule, pictures, challenges, and next steps. Equipment delays last week put the project behind schedule.

Capital Facilities Senior Engineer Hubbard stated the pipe liner has been installed and all services on Stargaze Court have been reinstated. Pipe reassembly is taking place now and later this week the disinfection process will begin. Final connections to the District system will be made next week with the completion of the switchover by the end of that week. As for River Run Circle, services have all been reinstated as of today, although some will have to be reinstated again from the outside due to a problem with the epoxy material. This will put the River Run Circle location about a week behind schedule. It is anticipated that all services will be switched over by August 10. Commodity charges are being waived for customers during the time their service was connected to the highline.

Capital Facilities Senior Engineer Hubbard further stated that some of the challenges of the project were technical issues with the highline, customer complaints, irrigation disruptions, and heated water from the highline. Staff has been and continues to be very responsive to customer issues. Customer complaints have been mainly regarding access ramps which the District supplied to all who requested one. In response to irrigation disruptions, staff has encouraged residents to supplement their irrigation during the project and both the contractor and District crews have been regularly watering front yards.

The project is expected to come in over budget by approximately $20,000; however, if the contingency for change orders does not materialize, the project will be within budget. District Engineer Gumpel noted that the original “dig and lay” plan would have cost $400,000 for Stargaze Court alone with an additional $400,000 to $500,000 for River Run Circle. By utilizing the pilot program, only $82,000 was added for River Run Circle.

Staff will continue to work with the contractor to maintain the current project schedule, send a letter to customers and update the District’s website with schedule updates, and respond to customer issues.

OTHER BUSINESS

MEN’S LOCKER ROOM EXPANSION PROJECT UPDATE

Capital Facilities Senior Engineer Hubbard provided a brief update and presented photos of the progress being made on the Men’s Locker Room Expansion project. The project is currently on schedule.
WATER MAIN BREAK

General Manager Pruim briefed the Committee on repairs made following the water main break that occurred on Twin Oaks Valley Road on Thursday, July 19.

PUBLIC COMMENT

Mike Hunsaker, member of the public, commended staff for the manner in which they are handling the pipe relining project on Stargaze Court and River Run Circle.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at the hour of 4:44 p.m.