

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting

Monday, June 7, 2021 - 2:00 P.M.

Place: Board Room

29300 Valley Center Road; Valley Center, CA 92082

Due to the COVID-19 State of Emergency and pursuant to waivers of certain Brown Act provisions under the Governor's Executive Orders, the VCMWD Board Meeting was conducted via Web Conference and Live Steam.

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Polito at 2:00 P.M. President Polito established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating by teleconference clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act.

ROLL CALL

Board Members Present: President Polito, Vice President Ferro, Director Haskell, and Director Smith; with Director Holtz teleconferencing.

Board Members Absent: None.

Staff Members Present: General Manager Arant, District Engineer Grabbe, Director of Finance Pugh, Director of IT Pilve, Senior Engineer Lyuber, Manager of Accounting Velasquez, Project Manager Carrillo, and Executive Assistant/Board Secretary Peraino; with Director of Operations and Facilities Lovelady, Safety and Regulatory Compliance Supervisor Olson, General Counsel de Sousa and Jacqueline Howells (HGR) teleconferencing.

PUBLIC COMMENTS

President Polito established for the record the process by which public comments are received by the Board; this process was also described in the Agenda for the meeting. It was announced that no public comments had been received for this meeting.

CONSENT CALENDAR

Action: Upon motion by Director Smith, seconded by Vice President Ferro – motion carried unanimously, the following consent calendar items were approved:

1. **Minutes of the Board Meeting held Monday, May 17, 2021**
2. **Audit Demands check numbers 160163 through 160332 for May 7 – 27, 2021**
3. **Treasurer's Report ending April 30, 2021**
4. **Resolution No. 2021-16 Setting the District's FY 2021-2022 Appropriation Limit as \$7,763,419, for Proceeds from Taxes per Article XIII B of the State Constitution**
5. **Board of Director's Request for Reimbursement of Expenses and Report of Expense Reimbursements per Government Code §53065.5**

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PUBLIC HEARING

6. Public Hearing to Consider Adoption of Proposed Water Availability / Standby Charges for Fiscal Year 2021-22 and Adoption of Ordinance No. 2021-05:

A public hearing to receive written and oral input on the adoption of Ordinance No. 2021-05, regarding proposed revisions to Water Availability / Standby Charges for Fiscal Year 2021-22, was opened by President Polito at 2:06 p.m. Director of Finance and Administration Pugh presented the proposed amendments to the District's Administrative Code.

Annually, the District holds a public hearing to receive public testimony on the water availability charge of \$10 per acre with a \$10 per parcel minimum, reported Director of Finance Pugh. This charge has been in place at the same rate since FY 1995-96. The availability charge will generate a dedicated source of revenue of approximately \$572,000 for fiscal year 2021-22 which will be used for ongoing capital requirements. Notice of the public hearing was published in the local paper, as required by law. Letters were also mailed to all new property owners within the District.

The District has received no oral or written protests. The public hearing was closed at 2:11 p.m.

Action: Upon motion by Vice President Ferro, seconded by Director Smith – motion carried unanimously, *the following* Ordinance, entitled:

ORDINANCE NO. 2021-05

**ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING FIXED CHARGE SPECIAL ASSESSMENTS
FOR 2021-22 ON PROPERTY FOR UNPAID CHARGES FOR WATER AND
OTHER SERVICES PURSUANT TO WATER CODE SECTIONS 72094, 72100, 72102
ON THE SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

AYES: Directors Polito, Ferro, Haskell, Holtz and Smith
NOES: None
ABSENT: None

ACTION AGENDA

7. Adoption of Ordinance No. 2021-06, Setting the FY 2021-22 Fixed Charge Special Assessments for Unpaid Charges for Water and Other Services:

Adoption of Ordinance No. 2021-06, setting the FY 2021-2022 fixed charge special assessments and unpaid charges for water and other services, was requested by Director of Finance and Administration Pugh.

Water Code § 72094, 72100 and 72102 authorizes the District to add delinquent and unpaid charges for water and other services to the property taxes of the property using the water or

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service. To go on the tax roll, the delinquency must be unpaid for at least 60 days on July 1, 2021 and have had a lien recorded against the property with the County Recorder. Fifteen parcels with a delinquency of \$88,159.49 are eligible to go on the tax roll for 2021-22.

Action: Upon motion by Vice President Ferro, seconded by Director Smith – motion carried unanimously, *the following* Ordinance, entitled:

ORDINANCE NO. 2021-06

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER
MUNICIPAL WATER DISTRICT ESTABLISHING WATER AVAILABILITY CHARGES
FOR 2021-22 ON ALL PROPERTY WITHIN THE DISTRICT**

was adopted by the following vote, to wit:

AYES: Directors Polito, Ferro, Haskell, Holtz and Smith
NOES: None
ABSENT: None

8. Time and Place of Public Hearing to Consider Adoption of the Draft 2020 Urban Water Management Plan, Draft 2021 Water Shortage Contingency Plan, 2015 UWMP Addendum, and Revised Article 230, Set to June 28, 2021 at 2:00 p.m.:

Senior Engineer Lyuber reminded the Board of the staff presentation at the April 5, 2021 Board Meeting, detailing the main topics and new requirements for 2020. It was also announced that there are no new developments to report. An outline was given of the adoption roadmap that will be presented for approval at a public hearing, currently planned for the June 28th, 2021, Special Board of Directors Meeting:

- 1) Delta Reliance amendment to the 2015 UWMP by Resolution;
- 2) 2020 UWMP adoption by Resolution;
- 3) Water Shortage Contingency Plan adoption by Resolution; and
- 4) Amend Article 230 *Water Use Efficiency and Drought Response Program* by Ordinance.

Senior Engineer reviewed the current schedule. The final public review draft has been completed and staff is preparing for its posting. Once posted, the public will have 14 days to review and provide comments as required by California Water Code. Although comments are not anticipated, any received will be presented during the Public Hearing, and incorporated if so directed by the Board of Directors. Following adoption, signed Resolutions and Ordinances will be inserted and final plan submitted to DWR through their online portal by July 1, 2021.

Staff recommended setting the time and place of Public Hearing to consider adoption of the Draft 2020 Urban Water Management Plan, Draft 2021 Water Shortage Contingency Plan, 2015 UWMP Addendum, and Revised Article 230, to June 28, 2021 at 2:00 p.m. (or shortly thereafter) at a Special Board of Directors' Meeting. Staff explained the public notice is set to be advertised with the Roadrunner on June 10th and 17th, specifying availability of the documents on the District website and physically at the District Office beginning June 14th for public review, 14 days prior to the hearing.

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Action: Upon motion by Director Haskell, seconded by Vice President Ferro – motion carried unanimously, the Public Hearing has been set to Monday, June 28th at 2:00 p.m., or shortly thereafter, at a Special Meeting of the Board of Directors.

9. Award of Construction Contract for the Lower Moosa Canyon WRF Motor Control Centre (MCC) Replacement Project [Project No. 13-06-78-53040]:

Project Manager Carrillo gave a history on the Lower Moosa Canyon Wastewater Reclamation Facility ("Moosa WRF") - in operation since 1974. Throughout the life of the facility, the electrical equipment has not been updated or upgraded, while other equipment, processes, and operating procedures within the facility have been. The Motor Control Center ("MCC") houses the main power supply, metering section, motor starters, and circuit breakers for all the equipment at the facility. The MCC is the only component of the plant that has not been updated, and needs to be updated to meet new technology, safety codes and standards.

The Moosa WRF MCC Replacement Project ("Project") generally consists of removal of existing MCC electrical gear and installation of new replacement electrical gear. Since this work will be performed while the facility is fully operational, the Contractor will be coordinating closely with the District and SDG&E to minimize impact on the plant and to ensure critical plant operations are back on-line as soon as possible.

In accordance with the formal bidding procedures set forth in Article 140.2(b) of the District's Administrative Code, the District received bids for the Project on May 26, 2021. The District received two (2) bids: from Maddox Electric DBA Hydrotech in the amount of \$531,471 and from Southern Contracting Company in the amount of \$532,400. Staff advertised and contacted several contractors to solicit bids during the bid phase. Initially, six contractors showed interest. After attending the Pre-Bid meetings and reviewing the contract documents, four of the contractors decided not to submit a bid due to having other commitments and/or the size of the job was either too large or too small to interest the contractor.

The apparent low bidder was Hydrotech, with a total bid of \$531,471; \$929 (0.17%) less than the second bid and 15.5% higher than the engineer's estimate (\$460,000 at the time of bid). District staff contacted Hydrotech to question the price disparity from engineer's estimate; the main factors that contributed to a higher bid amount were an increase in labor and material costs from 2019 to present day, of approximately 20%. Project Manager Carrillo stated, Hydrotech had one deviation with the bid package they submitted - they did not include a signed copy of Addendum 1, with their bid package as an acknowledgment of receipt of Addendum 1; however, Hydrotech did acknowledge Addendum 1 as required in the Bid Form section of the bid documents.

Pursuant to the Instruction to Bidders, Paragraph 14 - *Delivery and Opening of Bids*, the District reserves the right to reject any or all bids and to waive any informality or irregularity in any bid. Addendum 1 extended the bid date by one week and responded to the bidder's request for information resulting in minimal material value to the project scope of work. Because Hydrotech submitted their bid at the time specified in Addendum 1 and acknowledged Addendum 1 on its Bid Form, staff believes this is a minor deviation that may be waived by the Board. Hydrotech

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confirmed its understanding of the Project and assured staff that it considered Addendum 1 when preparing its bid.

Staff recommends adoption of Resolution No. 2021-17 awarding the construction contract for the Lower Moosa Canyon WRF Motor Control Centre (MCC) Replacement Project to Maddox Electric DBA Hydrotech Electric for their low bid amount of \$531,471.

Action: Upon motion by Vice President Ferro, seconded by Director Haskell – motion carried, unanimously the following Resolution, entitled:

RESOLUTION NO. 2021-17

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER
MUNICIPAL WATER DISTRICT WAIVING AN IRREGULARITY AND AWARDED
THE CONSTRUCTION CONTRACT TO MADDOX ELECTRIC DBA
HYDROTECH ELECTRIC [PROJECT NO. 13-06-78-53040]**

was adopted by the following vote, to wit:

AYES: Directors Polito, Ferro, Haskell, Holtz and Smith
NOES: None
ABSENT: None

10. Adoption of Resolution No. 2021-21 for Budget Adjustment and Approval of Amendment No. 11 to the Design Contract for Orchard Run Lift Station Project:

Project Manager Carrillo gave a background on the original Scope of Work included the Master Plan and Design of the South Village Wastewater Collection System and Kennedy/Jenks (KJ), selected in 2013 for the design for the South Village Wastewater Collection System. Since Kennedy/Jenks initial Authorization, a total ten Amendments have been approved. Amendments included providing additional services for South Village Construction Services; North Village Wastewater Collection System; and Orchard Run and North Village Lift Station Designs.

Amendment No. 11 increases the previously approved Professional Services Agreement amount by \$44,580; from \$700,325 to a total of \$744,905. Project Manager Carrillo further reviewed details of Amendment No. 11, which includes Plan Revisions to:

- Reflect title block changes and new District Standards;
- Update Seismic Design Parameters and structural details, as necessary;
- Revise Electrical Design to Power the Interim Lift Station;
- Modify Design of the Emergency Storage Tanks increasing capacity;
- Modify Fencing Design to Incorporate the Interim Lift Station Site; and
- Update the Construction Cost Estimate.

The project will be funded Initially from deposits advanced by Touchstone Communities and later from proceeds of the proposed CFD 2020-1 Series 1 Bond Sale, stated Carrillo.

Staff recommended adoption of Resolution No. 2021-21 approving Amendment No. 11 to the Professional Services Agreement with Kennedy/Jenks, Consultants for the South Village Collection System Projects, for their proposal amount of \$44,580.

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Action: Upon motion by Vice President Ferro, seconded by Director Haskell – motion carried unanimously, *the following* Resolution, entitled:

RESOLUTION NO. 2021-21

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER
MUNICIPAL WATER DISTRICT APPROVING AMENDMENT NO. 11 TO THE
KENNEDY/JENKS CONSULTANTS, INC. SOUTH VILLAGE WASTEWATER COLLECTION
SYSTEM PROFESSIONAL SERVICES AGREEMENT FOR DESIGN MODIFICATIONS
TO THE ORCHARD RUN LIFT STATION [PROJECT NO. 16-06-78-56310]**

was adopted by the following vote, to wit:

AYES: Directors Polito, Ferro, Haskell, Holtz and Smith
NOES: None
ABSENT: None

11. Adoption of Ordinance No. 2021-08, Amending the District's Administrative Code Removing the Requirement for a Separate Public Hearing When Setting the Woods Valley Service Areas 1 & 2 Standby Fee:

Amendment to the District's Administrative Code to Remove the Requirement for a Separate Public Hearing when setting the Woods Valley Service Areas 1 & 2 Standby Fee was requested by District Engineer Grabbe. Background on the existing practice was given – requiring five separate Public Hearings:

1. Service Area 1 – Sewer Standby Fee;
2. Service Area 1 – Sewer Service Charge;
3. Service Area 2 – Sewer Standby Fee;
4. Service Area 2 – Sewer Service Charge; *and*
5. Service Area 2 – Grinder Pump Maintenance Charge

District Engineer Grabbe reviewed the proposed practice of setting the Woods Valley Service Areas 1 and 2 Standby Fees:

1. One public hearing to put the Sewer Service Charges on the Tax Roll (one Resolution with three Exhibits):
 - a. Service Area 1 – Sewer Service Charge
 - b. Service Area 2 – Sewer Service Charge
 - c. Service Area 2 – Grinder Pump Maintenance Charge
2. Item to put Sewer Standby Fee on the Tax, (one Resolution with two Exhibits):
 - a. Service Area 1
 - b. Service Area 2
3. Item to put Assessment District Assessments and CFD Special Tax on the Tax Roll (two Resolutions):
 - a. AD No. 2012-1
 - b. CFD No. 2020-1

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A review of the 2021-22 Levy Tax Schedule is as follows:

- 06/21/2021 – Review proposed charges and request to set Public Hearing date.
- 07/19/2021 – Board Meeting Items:
 - Public Hearing for the Service Charges,
 - Approval of Standby Fee Annual Reports, and
 - Approval of AD No. 2012-1 and CFD No. 2020-1 Annual Reports.
- 08/10/2021 – Deadline to submit Tax Rolls to the County.

Staff recommended adoption of Ordinance No. 2021-08, amending the Administrative Code § 171.12 and 171.14 to eliminate the annual Public Hearing Requirement to Levy the Woods Valley Ranch Sewer Standby Fees on the County Tax Roll.

Action: Upon motion by Director Smith, seconded by Director Haskell – motion carried unanimously, *the following* Ordinance, entitled:

ORDINANCE NO. 2021-08

**ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT AMENDING THE ADMINISTRATIVE CODE
SECTIONS 171.12 AND 171.14, REMOVING THE REQUIREMENT
TO CONDUCT PUBLIC HEARINGS TO PLACE THE WOODS VALLEY RANCH
SERVICE AREA STANDBY FEES ON THE PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

AYES: Directors Polito, Ferro, Haskell, Holtz and Smith
NOES: None
ABSENT: None

INFORMATIONAL ITEMS

12. Revenue and Expense Projections in the Proposed 2021-2022 Budget and Review of Budget Policies:

An update on the revenue and expense projections for FY 2021-2022 was provided by Manager of Accounting Velasquez. Using data on proposed rate increases from SDCWA, staff reevaluated expected sales and determined reasonable rate increases to pass through wholesale costs from SDCWA and cover local operating costs. It was noted that MWD and SDCWA are under pressure from their member agencies to lower their proposed increases due to the Pandemic. This could change these figures again in the coming months.

In September 2019 the Board adopted a policy directing that the District's water rates and charges, which includes but is not limited to the District's Local Commodity Charges and Monthly Meter Service Charge, be set so that revenue from these sources would fully cover the District's local operating costs, which exclude wholesale water costs and power costs. Presently, the combination of the two revenues is not sufficient to fully cover the District's local

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operating costs. As a result, other non-operating revenues including investment income, lease revenues, and delinquent penalties make up the difference

New water capital appropriations are estimated at \$9,622,350 of which \$6.6M are additions to the pending SRF Loan applications. The remaining \$3.0M will be funded with revenues collected from general property tax, water availability charges, and capacity charges. It is also anticipated that both Wastewater Reclamation Facilities, Moosa and Woods Valley Ranch, will each have sufficient operating revenues to meet the anticipated operating costs for Fiscal Year 2021-22. New Capital appropriations for Moosa are estimated at \$1,013,338, for Woods Valley Ranch, \$152,500, and for the Woods Valley Expansion \$4,000,000. Moosa will require the use of a portion of the Replacement Reserve to complete the capital expenditures. Woods Valley Ranch and the Expansion are both expected to have sufficient revenue to fund the new appropriations with no need to use funds from the Replacement Reserve.

Actual water sales for Fiscal Year 2020-21 are estimated at 17,400-acre feet. That's 400-acre feet more than the budgeted sales of 17,000-acre feet. Calendar Year 2021 marked significant changes to the eligibility requirements for the Permanent Special Agricultural Water Rate customers. It is unknown how this change will affect agricultural water sales; as a result, the water sales estimate will remain the same at 17,000-acre feet in Fiscal Year 2021-22.

Included in the preliminary budget numbers are estimates for minimum increases based on the most recent information received from the San Diego County Water Authority (SDCWA) regarding their wholesale commodity rates, stated Manager of Accounting Velasquez. The SDCWA will be providing actual wholesale cost increase numbers later in June and are now anticipated to increase by 4.4% for treated water. Also included in the water charges we are required to pay SDCWA and Metropolitan Water District (MWD) in 2022 are fixed charges for capacity, readiness to serve, customer service, emergency storage, and supply reliability. Final rate recommendations will be based upon actual rate increases from SDCWA and MWD. The District calculates the per-acre-foot equivalent of these charges by dividing the total charges by projected water sales, less a 10% reserve for sales levels under budgeted amounts. For the fiscal year ending 2022 budgeted sales are 17,000-acre feet and the 2022 projected fixed charges are allocated over 15,300-acre feet. Total fixed charges are 0.8% lower than estimated actuals for Fiscal Year 2021.

Note: The San Diego County Water Authority plans to present rates to their Board for final adoption on June 24, 2021. Using data from the most recent draft of the expected rate increases from the SDCWA, the following estimated rates were used to prepare the proposed budget. Actual rates to be adopted effective February 1, 2022, may be different.

Annually the SDCWA assesses the District a fixed charge based on the number and size of the active meters within the District. The charge to the District is passed through and collected from active customers. Effective January 1, 2021, SDCWA raised the base charge for a ¾-inch meter by 15.8% from \$3.66 to \$4.24. However, the District's Prop 218 Notice limited the increase that the District could pass-through to a maximum of 10% per calendar year. As a result in Calendar Year 2021, the District's IAC rate for a ¾-inch meter was set at \$4.03 and was not sufficient to recover the full cost of \$4.24.

In Calendar Year 2022, the SDCWA is not proposing to raise the IAC. However, the District must increase the amount it passes through to its customers in order to recover the full amount

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of the charge, resulting in a 5.2% increase or \$0.21 for a ¾-inch meter. New charges by meter size for calendar 2022 are as follows and would be passed through on District water bills:

<u>Meter Size</u>	<u>Current</u>	<u>Proposed Increase 5.2% Increase Effective Feb. 1, 2022</u>
3/4 inch	\$4.03	\$4.24
1 inch	\$6.45	\$6.78
1-1/2 inch	\$12.09	\$12.72
2 inch	\$20.96	\$22.05
3 inch	\$38.69	\$40.70
4 inch	\$66.09	\$69.54
6 inch	\$120.90	\$127.20
8 inch	\$209.56	\$220.48

The Fiscal Year 2021-22 Budget includes increases to the non-operating revenues of 17.4% or \$177,830 due to higher delinquent penalty revenue collections as the District plans to re-institute them effective July 1, 2021. The increase in delinquent penalty revenue is partially offset by lower estimated investment income as interest rates continue to fall because of the market conditions related to the COVID-19 Pandemic.

The budget also includes a 5.5% or \$610,000 increase to the local operating costs over the prior budget year due to contractual increases for labor and benefit costs, increases to CalPERS contribution rates and increased insurance premiums, training & education, outside services, and legal services.

As an extension of the Transitional SAWR program, the SDCWA began the Permanent Special Agricultural Water Rate (PSAWR) program effective January 1, 2021. Based on the draft rates from the SDCWA, VCMWD PSAWR customers will pay an estimated retail rate that is \$584 or 25% lower than their domestic counter-parts. To summarize, the current PSAWR rate differential is comprised of:

\$ 224 / AF	avoided in paying the MWD supply rate and not paying the melded SDCWA melded supply rate; <i>and</i>
\$ 219 / AF	avoided in not paying the SDCWA Storage Charge; <i>and</i>
\$ 141/ AF	avoided in not paying the SDCWA Supply Reliability Charge.
\$ 584 / AF	

The estimated rates used to prepare the proposed budget consist of \$2,361.13 per acre foot, a \$102.76 or 4.6% increase from the current rate of \$2,258.37 for domestic, and \$1,777.77 per acre foot, a \$64.64 or 3.8% increase from the current rate of \$1,713.13 for agricultural customers. These include a local commodity rate increase of 5.5% bringing it up to \$260.10 per acre foot from the current rate of \$246.55 per acre foot.

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Meter service charges are proposed to increase 5.5% and would generate \$345,700 in additional revenue annually. The proposed budget includes increasing the meter service fees by 5.5%. This results in proposed service fees as shown below.

Meter Size	Water Service		Fire Service¹	
	Current	Proposed	Current	Proposed
	Fee	Fee	Fee	Fee
¾"	\$ 42.77	\$ 45.12	\$ 8.96	\$ 9.45
1"	\$ 58.43	\$ 61.64	\$ 12.54	\$ 13.23
1.5"	\$ 87.65	\$ 92.46	\$ 18.69	\$ 19.72
2"	\$ 116.86	\$ 123.28	\$ 24.83	\$ 26.20
3"	\$ 175.29	\$ 184.92	\$ 37.38	\$ 39.44
4"	\$ 233.72	\$ 246.56		
6"	\$ 350.58	\$ 369.84		
8"	\$ 467.44	\$ 493.12		

This 5.5% increase would generate additional service charges of approximately \$345,700 over a 12-month period. We propose the increase be implemented on February 1, 2022, concurrent with the VCMWD Commodity Rate. Additionally, the proposed budget includes a new revenue source for billing inactive meters ½ of the meter service charge beginning February 1, 2022. The proposed increase would generate an additional \$380,000 in annual revenue.

Pumping rates are proposed to increase 10% in order to recover a higher portion of the total energy costs including electricity, natural gas, and pump and motor maintenance.

The District currently has three Clean Water State Revolving Fund (SRF) Loans with an outstanding balance in the amount of \$20,610,818 at 2.2% interest. The funds were used solely for the Woods Valley Ranch Wastewater Expansion Project. In Fiscal Year 2021-22, Debt Service payments against this loan amount to \$1,542,388. In addition, a Safe Drinking Water State Revolving Fund loan for the Cool Valley Reservoir Cover/Liner replacement was obtained by the District. At June 30, 2021, the outstanding amount of the loan will be \$3,100,629 at 1.6% interest. The Debt Service payment is \$220,421 for Fiscal Year 2021-22.

Staff is projecting that water operating revenues will be sufficient to cover projected operating expenses. With the proposed increases, the local operating costs would be 83.8% covered with revenue from the local commodity component. The remaining 16.2% will come from non-operating revenues (investments, lease revenue and miscellaneous income).

Manager of Accounting Velasquez concluded the presentation with a thorough review of the budget policies codified in Administrative Code Section 50.2.

Action: Information item only, no action is required. The completed budget will be presented at a later date.

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GENERAL MANAGER'S AGENDA

13. General Information:

The following general informational items were reported by General Manager Arant:

- Regional Conveyance System Meeting – On May 25, 2021 met with SDCWA to identify possible operational benefits for VCMWD from the RCS 3A Northern Alignment.
 - It was agreed that there were no operational benefits from a 40' diameter tunnel running from 150' to 500' deep under the entire width of the District's Service Area.
 - In general discussion VCMWD staff did express concerns about:
 - Potential seismic and groundwater impacts of tunneling;
 - Extraction portal on the very west side of the Hidden Meadows service area;
and
 - Round-the-clock unmitigable operational noise and traffic impacts of thousands of truck trips impacts associated with moving the vast quantities of muck and rock through the Meadows to I-15.
 - SDCWA Representatives stated that our concerns about the RCS' impacts on the Valley Center Service Area would be evaluated in the overall environmental assessment.
 - The overall water resource benefits of the RCS, which VCMWD has assessed as negligible to none, were not discussed at the meeting.
- New Metropolitan Water District (MWD) General Manager – MWD has voted to hire Adel Hagekhalil to replace Jeff Kightlinger;
 - Hagekhalil was hired over Pat Mulroy, former head of the Southern Nevada Water Authority, by 3.6% of weighted vote, but lost in the vote by Directors by 18 to 16.
 - SDCWA MWD Delegates supported Hagekhalil.

Action: No action required, informational item only.

DISTRICT GENERAL COUNSEL'S AGENDA

General Counsel de Sousa gave a brief report on the state budget process, and the recently negotiated limit of bills (to twelve) each legislator will be permitted to carry. She further reported on a recently issued LAO report on the financial impact of COVID-19 on local public agencies.

Action: No action required, informational item only.

REPORTS ON MEETINGS ATTENDED

None.

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BOARD OF DIRECTORS' AGENDA

14. Input Provided on Casting of Ballot for the Election of San Diego Local Agency Formation Commission (LAFCO) Alternate Special District Member:

A mailed ballot election is being held for a San Diego Local Agency Formation Commission (LAFCO) County Independent Special Districts have representation on LAFCO and have two Regular Members and an Alternate Member. Alternate Representative seat is vacant due to a resignation and an election process underway to fill the unexpired term.

Six people have been nominated by their respective home agencies:

- Rocky Chavez – Chair, Tri-City Healthcare District Board
- Heather Conklin – Member, MRCD Board
- David Drake – President, Rincon Del Diablo MWD Board
- Jeff Egkan – Member, North County FPD
- C. Hayden Hamilton – Member, Rainbow MWD Board
- Regina (Gina) W. Roberts – Member, VCFPD Board

Action: President Polito was guided by Board input to cast the District's vote for the vacant San Diego LAFCO Alternate Special District Member position.

CLOSED SESSIONS

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. *Authority: Government Code Section 54956.9.*

15. A Closed Session was called by President Polito at 4:00 p.m. pursuant to:

- **Government Code §54957 – Threat to Public Services or Facilities**
 - *Risk and Resilience Assessment required by the America's Water Infrastructure Act (AWIA)*
 - **Consultation with:** Paula de Sousa, General Counsel

RECONVENE

Action: The Board came out of closed session at 4:39 p.m. There was no reportable action.

ADJOURNMENT

Action: The vote to adjourn was carried 4-0 (Director Holtz absent for vote), meeting was adjourned at 4:41 p.m.

ATTEST:

ATTEST:

Robert A. Polito, *President*

Kirsten N. Peraino, *Secretary*

Approved at a Regularly Scheduled Board Meeting on Monday, June 21, 2021