

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
June 20, 2018

MINUTES

The meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on June 20, 2018.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 5:00 p.m.

**A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL**

Directors Present: Thomas L. Slosson, President  
Andres Santamaria, Vice President  
Steve Blois, Director  
Andy Waters, Secretary

Director Absent: Scott Quady, Treasurer

Staff Present: Eric Bergh, Acting General Manager (Manager of Resources)  
Tony Goff, Manager of Operations and Maintenance  
Henry Graumlich, Manager of Strategic Planning  
Kristine McCaffrey, Manager of Engineering  
Dan Smith, Manager of Finance and Human Resources  
Sue Taylor, Accounting Supervisor  
Kara Wade, Clerk of the Board

Legal Counsel Present: Robert Cohen, Cohen & Burge, LLP, District Counsel

**B. MINUTES**

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 3-0-1 to approve the June 4, 2018 Special Board meeting minutes and defer consideration of the June 6, 2018 Board meeting minutes until the August 1, 2018 meeting.

AYES: Directors Waters, Santamaria, Slosson

NOES: None

ABSTAIN: Director Blois

**C. WRITTEN COMMUNICATION**

1. **Letter from General Manager to California Assemblymember Jacqui Irwin regarding Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 - Oppose Unless Amended**

The Acting General Manager said that similar letters were sent to: (1) the Governor's Office; (2) bill author; (3) Senators Jackson and Stern; and (4) Assembly members Limon and Acosta.

2. **Letter from Acting General Manager to California Assemblymember Jacqui Irwin regarding SB 998 - Water Shut-Offs – Oppose**

The Acting General Manager said that similar letters were sent to: (1) Senators Jackson and Stern; and (2) Assemblymembers Limon and Acosta.

**D. ORAL COMMUNICATION**

None

**E. GENERAL MANAGER**

None

**F. FINANCE AND HUMAN RESOURCES**

1. **May 2018 Water Use and Sales, April 2018 Power Generation, and May 2018 Investment Reports**

The Manager of Finance and Human Resources presented the reports. No action was taken.

2. **Disbursements for the District's monthly activities for May 2018**

Director Waters presented the disbursement report. The Board asked questions and the managers answered them.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 3-0-1 to approve the outstanding bills for payment.

AYES: Directors Waters, Santamaria, Slosson

NOES: None

ABSTAIN: Director Blois

3. **Public hearing and discussion regarding adoption of proposed Resolution No. 1944, establishing rules, rates and regulations for water service; Resolution No. 1945,**

establishing rates for discharge to the Salinity Management Pipeline; and Resolution No. 1946, adjusting fees for annexation to the District

RESOLUTION NO. 1944

A RESOLUTION PURSUANT TO ORDINANCE NO. 12  
ESTABLISHING RATES, RULES AND REGULATIONS  
FOR WATER SERVICE TO AGENCIES WITHIN THE  
CALLEGUAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 1945

A RESOLUTION PURSUANT TO ORDINANCE NO. 19  
ESTABLISHING RATES FOR DISCHARGE TO THE  
SALINITY MANAGEMENT PIPELINE

RESOLUTION NO. 1946

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF CALLEGUAS MUNICIPAL WATER DISTRICT ADJUSTING  
THE FEE FOR ANNEXATION TO THE DISTRICT

At 5:16 p.m., President Slosson opened the Public Hearing. There was public comment by Michaela Brown, General Manager of the Ventura County Waterworks Districts, in favor of the 2.2% overall increase. She said she appreciated Calleguas' efforts to minimize the rate increase. At 5:19 p.m., President Slosson closed the Public Hearing.

The Manager of Finance and Human Resources said that, at its April 4, 2018 meeting, the Board reviewed proposed adjustments to Calleguas' rates and fees and set a public hearing on these adjustments for June 20, 2018. A notice of hearing was posted and published according to Government Code Section 6060 in a newspaper of general circulation. The adjustments to the water rates and fees were presented to the purveyors at a meeting on April 23, 2018. To date, the District has received no other comments from the public or other agencies regarding this matter.

**Water Rates**

Variable Rates: The proposed 2019 rates for potable water are: Tier 1 at \$1,423 per acre-foot (AF) and Tier 2 at \$1,509 per AF. This reflects 3.5% and 3.3% increases respectively. The proposed rates include a 3.4% increase in the Metropolitan Tier 1 Rate and a 3.6% increase in Calleguas' rate.

Capacity Charge (CC): The CC is based on the highest weekly flow rate for a purveyor between May 1 and September 30. Purveyors with substantial production capacity from local supplies have the ability to take less water during that high demand period, which allows for wholesale water treatment, storage, delivery, and emergency supply infrastructure to be built at smaller capacities, and saves money. The proposed CC for 2019 is \$37,131 per peak week flow (in cubic feet per second), representing a decrease of 10.9%. The decrease is a result of higher customer demands and a reduction in the Metropolitan charge.

Readiness to Serve Charge (RTS): The RTS Charge is a direct pass through from Metropolitan, with no Calleguas component. A decrease of 1.9% is proposed in 2019 based on a reduction in the Metropolitan RTS Charge.

Temporary Water Rate: The Temporary Water Rate is the rate charged to someone other than a purveyor, typically a contractor, and may only be used for short-term purposes. It is set at two times the Tier 2 variable rate.

Overall: Considering all fixed and variable costs, as well as the lower sales, the overall increase to the purveyors is expected to average 2.2%, with slight variations due to different purveyors' payments under the CC and RTS. All proposed changes would become effective January 1, 2019.

### **Wheeling Rate**

During Fiscal Year 2015/2016, the District completed the Cost of Service study developing a rate to wheel water through the system, assuming capacity for the water is available. A rate of \$23.01 per AF was calculated for 2019 by determining the fair share of the construction costs of the pipes and dividing by the 10-year average annual delivery capacity of the pipes. The current change represents a 5.0% increase in the rate. The increase is due to declining water sales over the last two years as well as the addition of assets related to the rehabilitation of the pipe infrastructure.

### **Salinity Management Pipeline (SMP) Rates**

The first SMP rates were effective on January 1, 2012 and were established at a rate that would make it cost-effective for purveyors to build and operate groundwater desalters. The SMP rates are insufficient to cover the cost to build and operate the system. Since 2012, the SMP rates have been tied to the rising variable rate of potable water to keep the desalters financially viable. The rates for discharge in 2019 are proposed to increase 3.5%, consistent with the increase in the potable water variable rate. The rate for brine is proposed to be \$588.20 per AF and the rate for non-brine is proposed to be \$47.10 per AF. In accordance with Ordinance No. 19, Rules and Regulations for Use of the SMP, rates for SMP discharges outside the service area are 150% of the rates inside the service area.

### **Annexation Fees**

Each year Calleguas adjusts its per-acre fee using financial information from the preceding fiscal year. The fee is based on a back property tax due calculation based on the assessed valuation of property within the District and converted into a per-acre charge. The proposed per-acre Annexation Fee rate for 2019 is \$3,105, and represents an increase of \$153 or 5.2%.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 4-0 to approve Resolution Nos. 1944, 1945, and 1946. Resolution Nos. 1944, 1945, and 1946 are attached and made part of these minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

#### **4. Consideration of the proposed Fiscal Year 2018/19 Budget**

The Accounting Supervisor said that the proposed budget was presented at the June 4, 2018 Special Board meeting and discussed in detail. Two changes were made to the proposed operating budget since the presentation; \$25,000 was added to the Finance and Human Resources consultant budget to facilitate the preparation of a Debt Management Policy and the total budget for the Metropolitan Readiness to Serve charge was increased by \$140.

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0 to adopt the proposed Fiscal Year 2018/19 Budget.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

#### **5. Discussion regarding Resolution No. 1942 Imposing Water Standby Charges**

##### **RESOLUTION NO. 1942**

##### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALLEGUAS MUNICIPAL WATER DISTRICT IMPOSING WATER STANDBY CHARGES**

The Manager of Finance and Human Resources said that, each year Calleguas must choose whether to renew the Water Standby Charge for the following fiscal year. An Engineer's Report is the basis for the Water Standby Charge in accordance with Government Code 54984.3. The report describes current water supply challenges and the District's financial plan to meet them and emphasizes the importance of local

projects in maintaining water supply reliability. An updated Engineer's Report was prepared in May 2017 to reflect the most recent water master plan.

No changes are proposed to the rate schedule. The basic rate remains \$5 per parcel and \$5 per acre on parcels greater than one acre. The total revenue forecast for Fiscal Year 2018/2019 is \$1,400,000, the average net revenue over the past several years. Since there are no changes in the program, a public hearing is not required. Both the Engineer's Report and proposed current year tax roll are available for public review on Calleguas' web site. The Fiscal Year 2018/219 tax roll will be provided by the County Assessor's Office early in the next fiscal year.

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 4-0 to approve Resolution No. 1942. Resolution No. 1942 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

#### **6. Fourth Quarter 2017 Capital Project Report**

The Manager of Finance and Human Resources presented the report. No action was taken.

#### **7. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by Larry Walker Associates to implement the Calleguas Creek Watershed TMDLs in an amount not to exceed \$1,550,000**

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing total maximum daily loads (TMDLs) on the watershed. As Fiscal Agent, Calleguas collects funds for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the contract services for Larry Walker Associates to implement the Calleguas Creek Watershed TMDLs for the TMDL stakeholders. All funds necessary to pay for these contract services will be collected from the parties before payments are made.

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors, acting as TMDL Fiscal Agent, voted 4-0 to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

8. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by the California Conservation Corps to collect trash from the Revolon Slough and Beardsley Wash in an amount not to exceed \$74,750

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing TMDLs on the watershed. As Fiscal Agent, Calleguas collects funds for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the contract services for the California Conservation Corps to collect trash along the Revolon Slough and Beardsley Wash and document its volume and weight. The responsible parties have requested this work pursuant to their implementation of the Trash TMDL. All funds necessary to pay for these contract services will be collected from the parties before payments are made.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors, acting as TMDL Fiscal Agent, voted 4-0 to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

9. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by the Ventura County Watershed Protection District to assist the TMDL stakeholders with the management of the TMDL program in an amount not to exceed \$60,000

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing TMDLs on the watershed. As Fiscal Agent, Calleguas collects funds for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the contract services for the Ventura County Watershed Protection District to assist the TMDL stakeholders with the management of the TMDL program. The TMDL stakeholders have requested this work pursuant to their implementation of the TMDL program. All funds necessary to pay for these contract services will be collected from the parties before payments are made.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors, acting as TMDL Fiscal Agent, voted 4 0 to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

**G. OPERATIONS AND MAINTENANCE**

**1. Discussion regarding Resolution No. 1943 to award the contract for Tree Trimming and Removal Services and authorization of a budget of \$60,000**

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF CALLEGUAS MUNICIPAL WATER DISTRICT  
AWARDING THE CONTRACT FOR  
AS-NEEDED TREE TRIMMING AND REMOVAL SERVICES

The Manager of Operations and Maintenance said that the purpose of this requested action is to award a contract to perform as-needed tree trimming and removal services at the District's properties and easements to BC Tree Service, Inc. Calleguas received three bids at the June 7, 2018 bid opening ranging from \$27,210 to \$42,906. The bid proposal established an hourly rate schedule for labor, equipment, and materials.

The contract is a one (1) year agreement with an option to renew annually for up to two (2) additional years. If the contract is renewed, annual adjustments will be made based on the State of California's prevailing wage determinations and Caltrans Equipment Rental Rates.

Staff recommends award of the contract to BC Tree Service, Inc. and that the Board approve a budget of \$60,000 to cover the next three year period.

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0 to approve Resolution No. 1943 and authorize a budget of \$60,000. Resolution No. 1943 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

**2. Discussion regarding award of contract to California Fuels for provision of gasoline pursuant to a California Department of General Services Fuel Contract**

The Manager of Operations and Maintenance said that the proposed action is to award a contract to California Fuels for provision of gasoline for an amount not to exceed \$125,000 for the period of July 1, 2018 through June 30, 2019. The proposed procurement would be pursuant to a state procurement contract.

The price for gasoline purchased under this contract is tied to a standard rate, which varies frequently according to specified industry benchmarks. The price under the same contract in 2017 averaged \$2.64 per gallon.



On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 4-0 to authorize the General Manager to enter into the contract.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

## H. RESOURCES AND PUBLIC AFFAIRS

The Manager of Resources said that Metropolitan's water supply and demand forecast for 2018 is virtually balanced. At this time, Metropolitan does not anticipate the need to draw on regional storage to meet imported water demands through the remainder of the calendar year. Regional dry-year storage is expected to remain robust at ~2.5 million acre-feet heading into 2019.

## I. ENGINEERING AND CONSTRUCTION

### 1. Engineering and Construction Committee Report

Committee Chair Blois summarized the discussion from the Engineering & Construction Committee meeting held immediately prior to the Board meeting. He said the Manager of Engineering provided an update on the PLC Upgrade, Networking, and Communications Implementation Plan and addressed questions posed by committee members. No action was taken.

### 2. Discussion regarding Amendment No. 1 - Agreement Between City of Oxnard and Calleguas Municipal Water District for Construction and Use of Salinity Management Pipeline Temporary Discharge Service Connection for City of Oxnard

The Manager of Engineering said that, in 2015, Calleguas entered into a three-year agreement with the City of Oxnard to use the Salinity Management Pipeline (SMP) to convey advanced treated recycled water from Oxnard's Advanced Water Purification Facility (AWPF) to Pleasant Valley County Water District (PVCWD) and Reiter Brothers, Inc. (Reiter) on the Oxnard Plain on a short-term basis until Oxnard is able to construct its own recycled water infrastructure. Since that time, the SMP has been used for this purpose as Oxnard's AWPF supply, and Reiter's and PVCWD's demands, have allowed. Calleguas has earned some revenue from Oxnard's discharge into the SMP and the region has benefited from the use of more than 3,100 AF of recycled water in lieu of groundwater pumping by PVCWD and Reiter.

The agreement will expire on July 28, 2018; however, the City has not yet constructed its own recycled water infrastructure and would like to continue utilizing the SMP until it is able to do so. The amendment extends the agreement another three years. The Regional Water Quality Control Board (RWQCB) permit currently allows use of

the SMP until July 9, 2019; Oxnard would need to obtain a permit amendment from the RWQCB to extend usage of the SMP past this date.

The amendment has been reviewed by legal counsel and was included in the packet. Oxnard City Council is scheduled to consider the amendment at its July 10, 2018 meeting.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 4-0 to authorize the General Manager to execute the amendment.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

**3. Discussion regarding Amendment to Second Amended and Restated Agreement for Construction and Use of Salinity Management Pipeline Temporary Service Connections for Pleasant Valley County Water District**

The Manager of Engineering said that this amendment covers the delivery of water to PVCWD. The existing agreement with PVCWD expires on July 21, 2018. The amendment has been reviewed by legal counsel and was included in the packet.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 4-0 to authorize the General Manager to execute the amendment.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

**4. Discussion regarding Amendment to Agreement for Construction and Use of Salinity Management Pipeline Temporary Service Connections for Reiter Brothers, Inc.**

The Manager of Engineering said that this amendment covers the delivery of water to Reiter. The existing agreement with Reiter expires on July 16, 2018. The amendment has been reviewed by legal counsel and was included in the packet.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 4-0 to authorize the General Manager to execute the amendment.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

**5. Discussion regarding an amendment to the scope of work for professional services by Northern Digital, Inc., for the Wellfield Emergency Generators (Project No. 494), increasing the not-to-exceed amount by \$34,651**

The Manager of Engineering said that Northern Digital, Inc. (NDI) needs to perform additional control systems integration work for the Wellfield Emergency Generators not anticipated in their original scope of work, increasing the not-to-exceed cost by \$34,651 from \$318,960 to \$353,611.

NDI's original scope of work includes designing and constructing the Generator Facility Telemetry Panel (PLC-1) and Programmable Logic Controller (PLC) programming to integrate the new facilities into Calleguas' Supervisory Control and Data Acquisition (SCADA) system. PLC-1 monitors the operation of the standby generators, diesel fuel system, and related electrical equipment, and provides remote manual control via a connection to Calleguas' existing SCADA system.

During design of PLC-1, O&M staff determined that a local operator interface terminal (OIT) is needed at PLC-1 to allow for local control of PLC-1 and the generator facility. An OIT is a touch-screen device used to interface with a PLC. The OIT will allow Calleguas to locally monitor and control PLC-1 from within the generator facility to facilitate testing and operations, and in the event there is an interruption in SCADA communication between the Wellfield and the Control Room. The additional work includes the new local OIT device, additional PLC/SCADA programming to integrate the local OIT device, and additional testing and startup services.

Additionally, to facilitate design of PLC-1, a workshop was held with NDI, Engineering staff, and O&M staff to discuss the control philosophies, which are narratives that explain how the system will operate. The workshop discussions indicated the need for additional alarms associated with the switchgear battery and charger and the need for an increased number of data inputs for the potential future diesel fuel recirculation system. These modifications also require additional work by NDI to implement, including increasing the size of the PLC panel to accommodate the additional equipment.

The cost increase for additional services is reasonable for the additional work required and NDI's performance on this project has been excellent.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 4-0 to approve the professional services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

#### **6. Discussion regarding Easement Deed for a replacement anode well (Urban-D Ranch LP)**

The Manager of Engineering said that, during construction of the Anode Well Replacement (Project No. 539), it was discovered that the anode well could not be safely constructed at the location shown on the plans within the District's permanent easement due to its proximity to existing utility transmission lines. Calleguas and the

underlying landowner executed an agreement to allow installation of the anode well outside the existing easement and provide for the execution of an easement deed after construction, when the exact location of the well and therefore easement would be known. Construction of the anode well is now complete.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 4-0 to authorize the President of the Board and Acting General Manager to sign the certificate of acceptance for the Easement Deed for Parcel CMWD 3116.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

#### **J. STRATEGIC PLANNING**

The Manager of Strategic Planning provided a brief summary of the recent California Water Law Conference held in San Francisco.

#### **K. DISTRICT COUNSEL**

None

#### **L. BOARD OF DIRECTORS**

##### **1. Oral reports on meetings attended by Board members**

Board members provided oral reports on meetings attended at the expense of the District, pursuant to Government Code Section 53232.3(d). All expenses would be filed at the end of the month, accompanied by receipts.

##### **2. Discussion regarding upcoming meetings to be attended by Board members**

The Board discussed meetings they planned to attend.

##### **3. Metropolitan update**

Director Blois said that the Metropolitan Board approved renewal of all excess liability and specialty insurance policies and the Investment Policy for Fiscal Year 2018/19. He also noted that in the coming months Metropolitan will be discussing a shift in future capital investment from facilities designed to increase system capacity to replacement and rehabilitation of aging infrastructure.

#### **M. CLOSED SESSION**

None

**N. OTHER BUSINESS**

None

**O. FUTURE AGENDA ITEMS**

Director Blois said that, following a discussion at the Engineering and Construction Committee Meeting, he requests that a Board discussion of sole source providers be agendaized for a future meeting.

**P. ADJOURNMENT**

Director Slosson declared the meeting adjourned at 6:17 p.m.

Respectfully submitted,

  
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Andy Waters, Board Secretary