

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
September 5, 2018

**MINUTES**

The regular meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on September 5, 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  
Scott Quady, Treasurer  
Andy Waters, Secretary  
Steve Blois, Director

Staff Present: Susan Mulligan, General Manager  
Eric Bergh, 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  
Kara Wade, Clerk of the Board

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

**B. MINUTES**

On a motion by Director Santamaria, seconded by Director Quady, the Board of Directors voted 3-0-2 to approve the June 6, 2018 minutes.

AYES: Directors Quady, Santamaria, Slosson

NOES: None

ABSTAIN: Directors Blois, Waters

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0-1 to approve the July 18, 2018 minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSTAIN: Director Quady

On a motion by Director Quady, seconded by Director Santamaria, the Board of Directors voted 3-0-2 to approve the August 15, 2018 minutes.

AYES: Directors Blois, Quady, Santamaria

NOES: None

ABSTAIN: Directors Waters, Slosson

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 5-0 to approve the August 31, 2018 minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

### C. WRITTEN COMMUNICATION

1. **Coalition letter to the California State Senate President Pro Tempore, Toni Atkins Requesting to Reschedule the Joint Legislative Budget Committee Hearing on the State Water Project (SWP) Contract Extension**

The General Manager referred to the Agenda Memo, which said that the letter requests the Joint Legislative Budget Committee to hold a hearing on the State Water Project (SWP) contract extension prior to the August 31, 2018 end of the legislative session deadline. Failure to hold the hearing will prevent the Department of Water Resources from issuing bonds extending past 2035 for projects like Oroville spillway repair and California WaterFix, which will dramatically raise annual costs to ratepayers. Since the coalition sent the letter, the hearing was scheduled, cancelled, rescheduled, cancelled, and rescheduled for September 11<sup>th</sup>.

2. **Coalition letter to Members of the California Legislature Opposing the Proposed Statewide "Opt-out" Water Mandate, Senate Bill 845 (Monning)**

The General Manager referred to the Agenda Memo, which said that the letter urges the Legislature to reject the new strategy to pass a water tax by using an "opt out" check box on ratepayer bills.

3. **Coalition letter to Mona Pasquil Rogers, Appointments Secretary, Office of Governor Edmund G. Brown, Recommending Appointment of James F. Stahl to the Los Angeles Regional Water Quality Control Board**

The General Manager referred to the Agenda Memo, which said that the letter recommends the appointment of James F. Stahl to the Los Angeles Regional Water Quality Control Board (LARWQCB). With nearly 50 years of experience, Mr. Stahl is a widely recognized leader in the field of wastewater collection and treatment and water reclamation and reuse. His expertise would be a valuable addition to the LARWQCB.

**D. ORAL COMMUNICATION**

None

**E. GENERAL MANAGER**

**1. Feasibility Study to Develop the Simi Valley Basin as a Potable Water Resource**

Joe Deakin, Assistant Public Works Director for the City of Simi Valley, presented the results of a study to evaluate the feasibility and cost effectiveness of producing groundwater from the Simi Valley Groundwater Basin as a drinking water source. The Board asked questions and Mr. Deakin answered them.

**2. August 2018 Monthly Status Report**

The Board asked questions and the General Manager and department managers answered them. No action was taken.

**F. FINANCE AND HUMAN RESOURCES**

**1. Review of District's Reserve Policy**

The General Manager said that, per the request of the Board Treasurer, the Board has been reviewing various metrics for Calleguas' financial activities. She gave an update on the status of each:

- CalPERS Unfunded Liability – On May 16, 2018, the Board voted to pay down 1/5 of the unfunded liability and tentatively plans to pay the rest in roughly equal payments over the next 4 years, subject to annual Board review and consideration of financial conditions before each future payment.
- Post-Retirement Medical Liability – On April 29, 2014, the Board voted to establish a trust in which to deposit money to fund health care premiums for the District's retirees and transferred \$4.5 million into the trust. After an actuarial study is performed in 2018, staff plans to work with the Board to establish a plan for funding the trust in the future.

- Investment Policy – On May 2, 2018, the Board adopted an updated Investment Policy following a template established by the California Municipal Treasurers Association.
- Debt Management Policy – On August 31, 2018, the Board reviewed a proposed Debt Management Policy. It will be placed on the October 17, 2018 agenda for consideration. Later in 2018, the Board will consider establishing debt management guidelines for debt service ratio, desired Moody's and Standard & Poor's ratings, and cash on hand.
- Reserve Policy – On April 18, 2012, the Board adopted a Reserve Policy to maintain fiscal responsibility, including anticipating and preparing for future funding requirements, as well as unforeseen and unexpected emergencies, disasters, and other events. The Reserve Policy established general guidelines for cash reserves that will help to ensure Calleguas' long-term financial, organizational, and operational stability. The policy was last updated on April 29, 2014 to reflect an updated understanding of the capabilities of the Las Posas Aquifer Storage and Recovery Project.

The Manager of Finance and Human Resources said that the purpose of this agenda item was to review the 2014 reserve policy. Staff did not recommend any changes.

Proper designation of reserve funds is critical to successful and stable operation. Adequate reserves improve Calleguas' bond rating and the ability to access debt markets at favorable interest rates, helping to finance the infrastructure necessary to provide reliable water supplies. Adequate reserves also help avoid rate fluctuations and enable Calleguas to promptly respond to emergencies.

The reserve policy divides the District's reserve into two categories: Operating Activities and Capital Activities. The Manager of Finance and Human Resources reviewed each component of the reserve calculation in detail. The Board asked questions and the Manager of Finance and Human Resources answered them.

#### G. OPERATIONS AND MAINTENANCE

None

#### H. RESOURCES AND PUBLIC AFFAIRS

None

**I. ENGINEERING AND CONSTRUCTION**

- 1. Discussion regarding Resolution No. 1952, award of the contract for the Las Posas Basin Deep Groundwater Monitoring Project, Deep Wells No. 2 and No. 3, Project No. 527-2, located at 10968 Broadway Road, APN 503-0-050-275 near 9325 Wailing Siren Ranch Drive, and 6811 Grimes Canyon Road, in unincorporated Ventura County, California**

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF CALLEGUAS MUNICIPAL WATER DISTRICT  
AWARDING THE CONTRACT FOR THE  
CONSTRUCTION OF LAS POSAS BASIN DEEP GROUNDWATER  
MONITORING PROJECT,  
DEEP WELLS NO. 2 AND NO. 3

The Manager of Engineering said that, on August 23, 2018, the District received three bids for the Las Posas Basin Deep Groundwater Monitoring Project, Deep Wells No. 2 and No. 3 (Project No. 527-2), ranging from \$999,760 to \$1,783,565, with one bid below \$1,169,000 (Engineer's estimate). The Design Engineer has reviewed the bids; their recommendation is to award the project to the lowest responsive and responsible bidder, Cascade Drilling, L.P., for a contract amount of \$999,760 (14% below the Engineer's estimate). Cascade Drilling, L.P., meets the experience requirements to perform the work and constructed Deep Well No. 1 in 2017. Staff has reviewed the Design Engineer's recommendation for award and concurs.

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 5-0 to approve Resolution No. 1952. Resolution No. 1952 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

- 2. Discussion regarding approval of a capital project budget allocation in the amount of \$1,200,000 for the Turnout PC Upgrades (Project No. 558)**

The Manager of Engineering said each turnout is equipped with an industrial box-style personal computer (PC), modem, and router in its control cabinet to enable flow data and control commands to be communicated to and from the Networking Center for the Supervisory Control and Data Acquisition (SCADA) system, screens in the Control Room for operator use, purveyor website, and billing system. Since completion of the Turnout Automation Project in 2011, these components have reached the end of their useful lives. The PCs run Windows XP, which is no longer supported, and spare units are no longer available. The routers have experienced unacceptably high failure rates (12 out of the approximately 100 sites). The modems can only operate on the older 3G wireless protocol, which Verizon has notified Calleguas will no longer function after December 31, 2019.

The upgrades would replace the existing PCs with new ones that run Windows 10, which will be supported for at least another 10 years, and a combined modem and router that can communicate on the 4G LTE network, improving speed by utilizing a newer and faster cellular network and improving reliability by eliminating one potential point of failure at each site.

With support from Northern Digital, Inc. (NDI), AllConnected, Inc. (ACI), and Nick Peros, P.E., a pilot project was undertaken at a single turnout to ensure that the new components would function properly. The pilot project was successful. The upgraded PC and the modem/router have met design and performance expectations. The corresponding modifications to the programming, Networking Center, SCADA system, the billing system, and operator screens are also functioning well.

Since the pilot is complete and there is a deadline for the end of 3G service, it is appropriate to proceed with implementation of the upgrades at the remaining 90 sites. The proposed approach to project implementation allocates the responsibilities by consultant as follows:

- NDI:
  - Procurement of PCs, including 10 spares.
  - Configuration and testing of modems/routers and PCs, including spares.
  - Field installation of the new PCs and modems/routers.
  - Testing to confirm proper operation.
- ACI:
  - Procurement of modems/routers, using a regional competitively-bid contract.
  - Procurement of the 4G/LTE cellular antennas and cables.
  - Coordination with Verizon to configure communication.

Calleguas staff will provide testing and other support, as required. Nick Peros, P.E., who was involved in both the original Turnout Automation Project and the pilot upgrade, is also available to provide troubleshooting and other support if technical challenges are encountered during implementation.

The PCs cannot be procured through any of the existing state, regional, or federal competitively-bid contracts because they are customized and they cannot be competitively bid directly by Calleguas because the exact unit used for the pilot testing must be utilized to ensure proper functionality. Both the Public Contract Code and Calleguas' Administrative Code allow for sole source procurement in this situation. Additionally, the Engineering & Construction Committee previously considered this matter and agreed that, under the circumstances, it was appropriate to allow procurement of the PCs without competitive bidding.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to approve the capital project budget allocation.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

3. Discussion regarding approval of professional services by Northern Digital, Inc. to perform procurement, programming, installation, testing, and related services for the Turnout PC Upgrades (Project No. 558), for an amount not-to-exceed \$629,136

The Manager of Engineering said that, as discussed above, implementation of the turnout pilot project will require replacing each turnout's PC, router, and modem. NDI's specific responsibilities are also described above.

NDI has relevant experience and expertise, participated in the pilot project, was the designer and fabricator of the turnout cabinets, has performed extensive programming for District facilities, and is familiar with the District's SCADA system and communication protocols. NDI's work on other projects has been of good quality and the cost for professional services is reasonable for the work required.

On a motion by Director Blois, seconded by Director Quady, the Board of Directors voted 5-0 to approve the professional services.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

4. Discussion regarding approval of professional services by AllConnected, Inc. to perform procurement and related services for the Turnout PC Upgrades (Project No. 558), for an amount not-to-exceed \$247,591

The Manager of Engineering said that as discussed above, implementation of the turnout pilot project will require replacing each turnout's PC and modem. ACI's specific responsibilities are also described above.

ACI has relevant experience and expertise, participated in the pilot project, and configured the wireless communication between the turnouts and the Networking Center. ACI is very familiar with the existing system, which is critical for a seamless transition. ACI's work on other projects has been of good quality and the cost for professional services is reasonable for the work required.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 5-0 to approve the professional services.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

**5. Discussion regarding Easement Deed for Calleguas-Crestview Interconnection, Project No. 552 (Crestview Mutual Water Company), located just west of the intersection of Camino Tierra Santa and Via Zamora, Camarillo**

The Manager of Engineering said that Calleguas and Crestview Mutual Water Company (Crestview) previously entered into the Agreement Between Crestview Mutual Water Company and Calleguas Municipal Water District for Interconnection Between their Potable Water Systems. The Agreement covers the design, construction, and operation of the Calleguas-Crestview Interconnection, including a requirement that Crestview grant the necessary right-of-way to Calleguas at no cost for the facilities on Crestview's property just west of the intersection of Camino Tierra Santa and Via Zamora in Camarillo.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 5-0 to authorize the President of the Board and the General Manager to sign the certificate of acceptance for the Easement Deed for Parcel CMWD 1322.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

**J. STRATEGIC PLANNING**

None

**K. BOARD OF DIRECTORS**

**1. Oral report 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 provided an update on the Metropolitan Board and Committee meetings. He said that a resolution was adopted for levying ad valorem property taxes for the next year.



4. Discussion regarding Resolution No. 1950, nominating a Calleguas Board Member to Fill the term of 1/1/2019 to 1/1/2023 for the Regular or Alternate Special District Member of the Ventura Local Agency Formation Commission (LAFCo)

RESOLUTION OF THE BOARD OF DIRECTORS OF  
CALLEGUAS MUNICIPAL WATER DISTRICT  
NOMINATING ANDY WATERS TO FILL THE TERM OF  
1/1/2019 TO 1/1/2023 FOR THE ALTERNATE  
SPECIAL DISTRICT MEMBER OF THE  
VENTURA LOCAL AGENCY FORMATION COMMISSION

The General Manager said that the terms of Ventura Local Agency Formation Commission (LAFCo) special district regular member Elaine Freeman and alternate special district member Andy Waters will expire on January 1, 2019. Therefore, LAFCo is seeking nominations for the subsequent four-year terms (January 1, 2019 through January 1, 2023). There are two special district regular members on LAFCo and one alternate. The alternate votes if one of the regular members abstains or is absent.

LAFCo is responsible for implementing state law and state and local policies relating to boundary changes for cities and most special districts, including spheres of influence, incorporations, annexations, and reorganizations (including annexations to Calleguas and Metropolitan). Calleguas pays about \$86,000 in fees to LAFCo each year.

Director Waters expressed interest in being nominated as a candidate for the alternate member position.

On a motion by Director Blois, seconded by Director Quady, the Board of Directors voted 5-0 to nominate Andy Waters as the Alternate Special District Member of Ventura Local Agency Formation Commission (LAFCo). Resolution No. 1950 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

**L. CLOSED SESSION**

1. Closed Session conference with legal counsel regarding existing litigation pursuant to Government Code Section 54956.9(d)(1) – United States, et. al. v. J-M Manufacturing Co., et al., Case No. CV 06-55-GW

At 6:33 p.m., Director Slosson adjourned to Closed Session to discuss Item L-1 as stated on the agenda.

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**CLOSED SESSION CONTINUING**

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At 6:48 p.m., Director Slosson reconvened the meeting to Open Session.

Regarding L-1, Director Slosson stated that the Board received a report from counsel and no action was taken.

**M. DISTRICT COUNSEL**

1. Discussion regarding Resolution No. 1951, Establishing a Reserve Fund for Repair or Replacement of PVC Pipe Manufactured by J-M Manufacturing Company, Inc.

RESOLUTION OF CALLEGUAS MUNICIPAL WATER DISTRICT ESTABLISHING  
A RESERVE FUND FOR REPAIR OR REPLACEMENT OF PVC PIPE  
MANUFACTURED BY J-M MANUFACTURING COMPANY, INC.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 5-0 to approve Resolution No. 1951. Resolution No. 1951 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

**N. OTHER BUSINESS**

None


**O. FUTURE AGENDA ITEMS**

None

P. ADJOURNMENT

Director Slosson declared the meeting adjourned at 6:49 p.m.

Respectfully submitted,



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Andy Waters, Board Secretary