

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
May 6, 2020

**MINUTES**

The meeting of the Board of Directors of Calleguas Municipal Water District was held telephonically and via videoconference in accordance with Executive Orders N-25-20, N-29-20, and N-33-20 of the State of California on May 6, 2020.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 5:05 p.m.

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

Directors Present Via Teleconference or videoconference: Thomas L. Slosson, President  
Andres Santamaria, Vice President  
Scott Quady, Treasurer  
Steve Blois, Director  
Andy Waters, Secretary

Staff Present at District Headquarters and Participating Via Videoconference: Anthony Goff, General Manager  
Dan Smith, Manager of Administrative Services  
Rob Peters, Manager of Operations and Maintenance

Staff Present Via Videoconference: Dan Drugan, Manager of Resources  
Henry Graumlich, Associate General Manager  
Kristine McCaffrey, Manager of Engineering  
Kara Wade, Clerk of the Board

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

**B. MINUTES**

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to approve the April 15, 2020 minutes.

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

NOES: None

## **C. WRITTEN COMMUNICATION**

### **1. Fourth COVID-19 Pandemic Relief Bill**

The Manager of Resources said that the District submitted a letter to the offices of Congresswoman Brownley, Senator Feinstein, and Senator Harris requesting consideration of special districts and public agencies during the development of the fourth COVID-19 pandemic relief bill.

### **2. AB 2182 (Rubio) Emergency Backup Generators: Water and Wastewater Facilities: Exemption (Support)**

The Manager of Resources said that Calleguas expressed support for AB 2182 through this position letter. AB 2182 would allow water and wastewater facilities to operate existing emergency backup generators during Public Safety Power Shutoffs (PSPS) without being out of compliance or subject to penalties from local air districts. The bill is co-sponsored by the Association of California Water Agencies (ACWA) and similar to SB 1099 (Dodd) which is co-sponsored by Las Virgenes MWD and the California Municipal Utilities Association (CMUA).

## **D. ORAL COMMUNICATION**

None

## **E. GENERAL MANAGER**

### **1. April 2020 Monthly Status Report**

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

### **2. Update on Operating Under COVID-19 Pandemic Conditions**

The General Manager, Manager of Operations and Maintenance, Manager of Engineering, and Manager of Resources discussed experiences operating under COVID-19 pandemic conditions as related to field operations, emergency response, projects under construction, and outreach. No action was taken.

## **F. ADMINISTRATIVE SERVICES**

### **1. March 2020 Financial Statements**

The Manager of Administrative Services presented the report. No action was taken.

## **2. Adoption of the District's Investment Policy**

The Board reviews and approves updates to the District's Investment Policy on an annual basis. The only change made to the policy this year is to update the title of Manager of Finance and Human Resources to reflect the new title of Manager of Administrative Services.

To comply with the Government Code and Sections 6.1 and 6.2 of the Investment Policy, staff recommended that the Board formally adopt the updated policy which outlines the District's investment guidelines and delegates the responsibility to invest and reinvest District funds to the Manager of Administrative Services on at least an annual basis. Under the policy the Board retains the option to make changes at any time.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to adopt the District's Investment Policy.

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

NOES: None

## **3. Consideration of a notice to set the time and date of a public hearing regarding Annual Adjustment to the District's Water Rates and Fees**

The Manager of Administrative Services said that the purpose of this item is to set rates and fees for calendar year 2020. Metropolitan Water District (Metropolitan) adopted the rates for calendar years 2020 and 2021 at their Board meeting on April 14, 2020.

Staff is budgeting for water sales of 86,500 acre feet in calendar year 2021, a decrease from 2020 estimates.

The proposed water rates, fees and charges were developed in conjunction with a preliminary fiscal year 2020-21 draft budget and the District's Strategic Plan. One of the goals of the Strategic Plan is to maintain an annual rate increase below 6% while maintaining the financial integrity of the District. The proposed water rates, fees and charges will meet these objectives.

It was noted that staff has not yet assembled all of the information for development of the final budget. However, the proposed budget will be complete and provided to the Board before the Board is asked to formally approve the rates. The rates could be adjusted slightly from those provided in the Board meeting packet based on more complete budget figures.

To allow for required public noticing, the public hearing on this matter is proposed to be held July 15, 2020. Below is a brief description of the proposed changes to the

water rates and fees. Additional information was also provided in the Board meeting packet.

### **Water Rates**

Variable Rates: The proposed 2021 rates for potable water are: Tier 1 at \$1,509 per AF and Tier 2 at \$1,551 per AF. This reflects a 2.5% increase in the Tier 1 rate and a 0.5% decrease in the Tier 2 rate. The proposed rates include a 2.4% increase in the Metropolitan Water District Tier 1 Rate and a 2.5% 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 2021 is \$38,823 per peak week flow (in cfs), representing an increase of 8.3%. The increase is a result of a 21.6% increase in the MWD rate as well as a projected lower peaking flow (cfs) during the months of May through September.

Readiness to Serve Charge (RTS): The RTS Charge is a direct pass through from Metropolitan, with no Calleguas component. A decrease of 2.1% is proposed in 2020 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 lower sales, the overall increase to the purveyors is expected to average 3.0%, with slight variations due to different purveyors' payments under the CC and RTS. All proposed changes would become effective January 1, 2021.

### **Wheeling Rate**

During FY 2015-16, the District completed the Cost of Service study developing a rate to wheel water through the water system, assuming capacity for the water is available. A rate of \$26.38 per acre foot was calculated for calendar year 2021 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 9.7% increase in the rate. The increase is due to the declining average water sales over the last ten 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. Since 2012, the SMP rates have been tied to the rising Tier 1 rate of potable water. The rates for discharge in 2021 are proposed to increase 2.5%, consistent with the increase in the potable water variable rate. The rate for brine is proposed to be \$623.40 per AF and the rate for non-brine is proposed to be \$49.85 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. An Annexation Fee rate of \$3,433 per acre is proposed for 2021, and represents an increase of \$167 or 5.1%.

The proposed 2021 rates and fees were also reviewed with the purveyors at the monthly Purveyor Managers Meeting on April 27.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 5-0 to set the time and date of a public hearing on the water rate and fee adjustments at 5:00 p.m. on July 15, 2020.

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

### **G. OPERATIONS AND MAINTENANCE**

None

### **H. RESOURCES AND PUBLIC AFFAIRS**

The Manager of Resources said that the snowpack readings are 30% of average. He said that, based on snowpack readings, it is a dry year.

### **I. ENGINEERING AND CONSTRUCTION**

None

### **J. WATER POLICY AND STRATEGY**

- 1. Overview of Metropolitan Water District Litigation Against the State Concerning the State Water Project**

The Associate General Manager provided an overview of Metropolitan's litigation against the State regarding the State's issuance of a California Endangered Species Act incidental take permit for the operation of the State Water Project. Previously, the State had issued endangered species act permits in close coordination with the federal biological opinions governing both the federal Central Valley Project and the State Water Project. This facilitated joint operation of the state and federal projects. The State's decision to employ a different environmental analysis and permitting has the net effect of reducing the State Water Project's reliability, inappropriately assigning mitigation costs from the federal project operations to the State Water Project contractors, and complicating the coordination necessary to effectively manage water and environmental resources in the Bay-Delta. The lack of coordination also introduces new uncertainty into long-range planning for the Bay-Delta.

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

District Counsel said that during the COVID-19 pandemic litigated matters in the courts have been quiet due to mandatory closures.

#### **L. 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. Under the Executive Orders N-25-20, N-29-20, and N-33-20 issued by the Governor of the State of California in response to COVID-19, all meetings will be attended and conducted via teleconference or videoconference.

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

Director Blois referred to the summary report for the Metropolitan Water District of Southern California Board Meeting on April 14, 2020 that was included in the packet. He also referenced the overview provided by the Associate General Manager on Metropolitan's litigation concerning the State's incidental take permit. Director Blois provided the Board with an update on the process for updating Metropolitan's Integrated Resources Plan and the process for recruiting a new general manager to succeed retiring General Manager Jeff Kightlinger.

**N. OTHER BUSINESS**

None

**O. FUTURE AGENDA ITEMS**

None

**P. ADJOURNMENT**

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

Respectfully submitted,

DocuSigned by:  
  
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Andy Waters, Board Secretary