

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
July 15, 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 July 15, 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 Videoconference: Thomas L. Slosson, President  
Andres Santamaria, Vice President  
Scott Quady, Treasurer  
Andy Waters, Secretary  
Steve Blois, Director

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

Staff Present via Videoconference: Henry Graumlich, Associate General Manager  
Jennifer Lancaster, Principal Resource Specialist  
Kristine McCaffrey, Manager of Engineering  
Kara Wade, Clerk of the Board

Legal Counsel Present via Teleconference and videoconference: Robert Cohen, Cohen & Burge, LLP, District Counsel  
Todd Amspoker, Price, Postel & Parma, Special Counsel

**B. MINUTES**

On a motion by Director Quady, seconded by Director Waters, the Board of Directors voted 5-0 to approve the July 1, 2020 minutes.

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

NOES: None

**C. WRITTEN COMMUNICATION**

**1. Letter Encouraging Regional Collaboration with Casitas Municipal Water District**

The General Manager said that, in light of the recent draft 2020 Comprehensive Water Resources Plan prepared by Casitas MWD, he had sent Casitas a letter welcoming the opportunity to continue working together toward a more resilient future and supporting exploration of how both districts might cooperatively manage our diverse water supplies. No action was taken.

**2. SB 414 (Caballero): The Small System Water Authority Act of 2020 – Support**

The Manager of Resources said the District had expressed support for SB 414 through a position letter. SB 414 was originally held over from the 2019 session and has now returned for consideration in the 2020 session. The bill seeks to establish a new category of public water agency by merging formerly non-compliant drinking water systems into small system water authorities to ensure the consistent delivery of safe drinking water. The power to order the formation of small system water authorities would reside with the State Water Resources Control Board. The bill is co-sponsored by Eastern MWD and the California Municipal Utilities Association. No action was taken.

**D. ORAL COMMUNICATION**

None

**E. GENERAL MANAGER**

None

**F. ADMINISTRATIVE SERVICES**

**1. June 2020 Water Use and Sales, May 2020 Power Generation, and June 2020 Investment Summary Reports**

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

**2. Disbursements for the District's monthly activities for June 2020**

Director Quady presented the disbursement report. The Board asked questions, which the managers answered.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to approve the outstanding bills for payment.

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

3. **Public hearing and discussion regarding adoption of proposed Resolution No. 1996, establishing rules, rates and regulations for water service; Resolution No. 1997, establishing rates for discharge to the Salinity Management Pipeline; and Resolution No. 1998, adjusting fees for annexation to the District**

RESOLUTION NO. 1996

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. 1997

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

RESOLUTION NO. 1998

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

At 5:23 p.m., President Slosson opened the Public Hearing. There was public comment from Thien Ng, Assistant Public Works Director of the City of Oxnard. He referenced a letter from City of Oxnard Mayor Tim Flynn, dated May 9, 2020, requesting that there be no rate increase due to the COVID-19 pandemic. At 5:28 p.m., President Slosson closed the Public Hearing.

Director Blois said that he understood the request to refrain from rate increases, but explained the cumulative effect that failing to raise them would have on subsequent years. He said that staff had made cuts to the budget in order to reduce the rate increase to 2.4%.

The Manager of Administrative Services said that the Board of Directors reviewed proposed adjustments to Calleguas rates and fees at its May 6, 2020 meeting, and had set a public hearing on those adjustments for July 15, 2020. Water rates and fees were presented to member purveyors at a meeting on April 27, 2020. The rates presented at the aforementioned Board and purveyor meetings were based on a preliminary budget that was scheduled for consideration and adoption in June.

Between the May 6 Board meeting and the adoption of the Budget on June 17, 2020, staff was able to implement over \$124,000 in reductions to the budget. Based on this revised budget, staff is proposing to reduce the CMWD operating portion of the 2021 water rates by \$2 per acre-foot from the amount initially presented to the Board and purveyors. This reduction will bring the price of Tier 1 water to \$1,507 per acre-foot. A notice of hearing was posted and published according to the Government Code in a newspaper of general circulation. Letters encouraging the District to suspend rate increases due to the COVID-19 pandemic conditions were received from California Water Service and the City of Oxnard in May 2020. A subsequent reply was sent to each agency on June 1, 2020.

The District rates are based on the cost of providing service to the purveyors in accordance with California law. Below is a summary of all the rates and fees:

Variable Rates: The proposed 2021 rates for potable water are: Tier 1 at \$1,507 per AF and Tier 2 at \$1,549 per AF. This reflects a 2.4% increase in the Tier 1 rate and a 0.6% decrease in the Tier 2 rate.

Capacity Charge (CC): The CC is based on the highest weekly flow rate for a member purveyor between May 1 and September 30. Member 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 Metropolitan rate as well as a projected lower peaking flow (cfs) during the period between May 1 and September 30.

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 2021 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 2.9%, 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 AF was calculated for calendar year 2021 by

determining the fair share of the construction costs of the pipes and dividing by the ten-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 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 proposed rates for discharge in 2021 are proposed to increase 2.4%, consistent with the increase in the potable water variable rate. The rate for brine is proposed to be \$622.80 per AF and the rate for non-brine is proposed to be \$49.90 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%.

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 5-0 to approve Resolution Nos. 1996, 1997, and 1998. Resolution Nos. 1996, 1997, and 1998 are attached and made part of these minutes.

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

NOES: None

#### **4. Quarterly Investment Report for the Second Quarter of 2020**

The Manager of Administrative Services and Keith Khorey, Principal at Wells Capital Management, provided an overview of the report to the Board. No action was taken.

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

None

## H. RESOURCES AND PUBLIC AFFAIRS

### 1. FY 2019-2020 Water Use Efficiency Program Summary

The Manager of Resources introduced the Principal Resource Specialist who provided a presentation on the District's Water Use Efficiency Program and accomplishments for FY 2019-2020. No action was taken.

## I. ENGINEERING AND CONSTRUCTION

### 1. Change Order Report for Q2 2020

The Manager of Engineering said that Change Order summaries were provided for the following projects:

- Wellfield Emergency Generators (Project No. 494)
- Crestview Interconnection (Project No. 552) (completed)

No action was taken.

### 2. Public Hearing and Discussion regarding Resolution No. 1995, declaring the necessity for acquisition of two permanent easements and one temporary construction easement for the Calleguas-Las Virgenes Interconnection, and authorizing the District's Legal Counsel to institute eminent domain proceedings in connection therewith (Parcel No. 685-0-330-055). Owner: Oak Park First Plaza, LLC

A RESOLUTION OF THE BOARD OF DIRECTORS OF CALLEGUAS  
MUNICIPAL WATER DISTRICT  
DECLARING THE NECESSITY FOR ACQUISITION OF  
CERTAIN EASEMENTS FOR  
CALLEGUAS-LAS VIRGENES INTERCONNECTION AND AUTHORIZING THE  
DISTRICT'S LEGAL COUNSEL TO INSTITUTE EMINENT DOMAIN PROCEEDINGS  
IN CONNECTION THEREWITH  
(Oak Park First Plaza, LLC, APN 685-0-330-055)

At 6:21 p.m., President Slosson opened the Public Hearing. There was no public comment. At 6:24 p.m., President Slosson closed the Public Hearing.

The Manager of Engineering said that, in order to complete the construction of the Calleguas-Las Virgenes Interconnection, several easements at the northwest corner of the subject property are needed: a utility easement for Calleguas' facilities; a utility easement for Southern California Edison facilities to serve the new Calleguas facilities; and a temporary construction easement. The District has worked with Oak Park First Plaza, LLC and their representatives in good faith to negotiate financial compensation for the required easements. As these negotiations have failed, District staff recommends that the Board authorize the District's Legal Counsel to institute eminent domain proceedings to acquire the above-mentioned easements. Negotiations with

the property owner will continue even if the resolution is adopted. Adoption of the resolution will allow construction to proceed as scheduled. A notice notifying the property owner that Calleguas intends to consider the adoption of a Resolution of Necessity to acquire by eminent domain two permanent easements and one temporary easement was mailed to the property owner on June 29, 2020.

On a motion by Director Waters, seconded by Director Blois, the Board of Directors voted 5-0 to approve Resolution No. 1995. Resolution No. 1995 is attached and made part of these minutes.

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

NOES: None

**3. Discussion regarding approval of a capital project budget allocation in the amount of \$4,200,000 for the Lake Sherwood Pump Station Rehabilitation (Project No. 591)**

The Manager of Engineering said that the Lake Sherwood Pump Station is located in open space south of the 101 and Moorpark Road in Thousand Oaks and was constructed in 1989. It pumps water into Lake Sherwood Reservoir, which delivers water to Ventura County Waterworks District (VCWWD) No. 38 serving Lake Sherwood. It is the only source of potable water for this area. Most of the pump station structure and components are below-ground; only the concrete top, vault lids, and grating are at grade.

Various components are beyond their useful life and have failed or not performed reliably in recent years, including the variable frequency drive, electrical systems, and controls equipment. Spare or replacement parts are no longer available for many of these components, making it difficult to perform repairs when they fail. Additionally, a recent surge analysis recommended the installation of a surge tank on the discharge piping of the pump station and other improvements to protect against surges. Finally, Operations staff have experienced difficulties filling Lake Sherwood Reservoir during high demand periods, so a fourth, larger pump is recommended; the pump would also provide needed redundancy.

In order to rehabilitate the pump station to make it more reliable, the project includes:

- Installing a fourth, larger pump, including piping modifications.
- Installing a surge tank on the pump station discharge piping. This requires constructing an additional structure in order to accommodate the surge tank, compressor, and piping.
- Implementing other improvements to protect against potential surges, including the addition of a vacuum relief valve on the inlet/outlet piping near Lake Sherwood Reservoir; replacing the existing suction surge tank with one with a higher pressure class; installing a check valve to allow high pressure surges in the suction piping to be conveyed to the discharge piping; and upsizing the existing surge control valve.
- Replacing the motor control center and programmable logic controller.
- Replacing the existing variable frequency drive, which no longer functions.

- Replacing the existing outdated and obsolete communications system between the pump station and the reservoir.

The project also includes other components to improve the operability and safety of the pump station:

- Procuring a portable diesel-powered backup generator large enough to power the pump station, including the new larger fourth pump.
- Relocating the existing transformer to address overheating in the electrical room.
- Installing an isolation valve to allow the pump station piping to be more easily isolated from the reservoir.
- Performing other miscellaneous work, including replacement of ventilation fans and lighting.

Additionally, in order to make the many connections to existing pipes and electrical and controls conduits, it will be necessary to shut down the pump station on several occasions. VCWWD No. 38 can only handle a service interruption of 24 hours; to minimize the shutdown length, the project includes temporary electrical and controls equipment for the pump station.

The existing capital budget was established for design, which is now complete. This budget increase covers bidding and construction costs, based on the engineer's estimate (see items below). Staff is pursuing \$300,000 in funding through the California Office of Emergency Services' Hazard Mitigation Grant Program for the backup generator.

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

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

**4. Discussion regarding Resolution No. 1999, authorization and call for bids for Lake Sherwood Pump Station Rehabilitation (Project No. 591), located approximately 400 feet southwest of 493 Hillsborough Street, Thousand Oaks**

A RESOLUTION OF THE BOARD OF DIRECTORS OF CALLEGUAS  
MUNICIPAL WATER DISTRICT  
APPROVING THE PLANS AND SPECIFICATIONS  
AND CALLING FOR BIDS FOR  
LAKE SHERWOOD PUMP STATION REHABILITATION

The Manager of Engineering said that, as discussed above, design of Lake Sherwood Pump Station Rehabilitation is complete, and it is ready to be bid and constructed. The engineer's estimate for the project is \$3,000,000. Staff has had the opportunity to review the plans and specifications and recommends that the Board approve the requested action.

On a motion by Director Waters, seconded by Director Quady, the Board of Directors voted 5-0 to approve Resolution No. 1999. Resolution No. 1999 is attached and made part of these minutes.

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

**5. Discussion regarding approval of professional services by Perliter & Ingalsbe to perform bid and construction support services for the Lake Sherwood Pump Station Rehabilitation (Project No. 591), for an amount not-to-exceed \$509,940**

Bid and construction support services include:

- Attending the pre-bid meeting via videoconferencing.
- Responding to questions during the bid period.
- Preparing and distributing addenda during the bid period (if needed).
- Reviewing the bid results and providing a recommendation for award.
- Attending the pre-construction meeting.
- Reviewing up to 360 shop drawings and submittals for conformance with the Contract Documents.
- Responding to requests for information.
- Providing technical assistance to District staff for preparation of field orders and work change directives.
- Preparing record drawings.

This is a difficult, complex project in an existing underground facility, which will require significant assistance from Perliter & Ingalsbe (P&I) during construction. This is primarily due to:

- The challenges of construction in and around existing facilities, particularly excavation around and connections to buried pipelines and conduits.
- The tight construction schedule and limited window of opportunity for shutdowns.
- The need for temporary electrical and control equipment to minimize the length of shutdowns.

P&I has relevant experience and expertise and is extremely familiar with the District's facilities. P&I's work on other projects, including both phases of Grandsen Pump Station, 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 Santamaria, the Board of Directors voted 5-0 to approve the professional services.

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

**J. WATER POLICY AND STRATEGY**

None

**K. DISTRICT COUNSEL**

District Counsel said that, on July 10, 2020, there was a Case Management Conference regarding the Las Posas Litigation and at that time Judge Anderle set a trial date of October 22, 2020 which will include witness testimony. A closed session regarding the Las Posas litigation will be scheduled for the August 19, 2020 Board meeting.

A motion to transfer venue from the Santa Barbara Superior Court to Ventura County Superior Court has been filed in the lawsuit by the Las Posas Basin Water Rights Coalition against Fox Canyon Groundwater Management Agency (FCGMA) related to the FCGMA Groundwater Sustainability Plan. A hearing on the motion to transfer is scheduled for July 28, 2020.

District Counsel said that there was an article in the Los Angeles Times that mentioned Calleguas and a 14-year legal battle with JM Pipe.

**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 provided an update on the Metropolitan committee and Board meetings held on July 13 and 14, 2020. He described the Metropolitan Directors' discussion and actions related to the approval of two local resource program projects in the San Diego County Water Authority's (SDCWA's) service area, and the debate on policy issues related to long-term sustainable funding for demand management and local resource development. Metropolitan suspended the collection of the water stewardship rate based on court rulings issued in rate litigation lawsuits filed by SDCWA. Current demand management and local resource funding is being drawn from reserves pending the Board's action to develop a rate for the next biennial budget. Given the economic uncertainty due to the pandemic, the Metropolitan Board had previously directed staff to return to the Board in September 2020 for a review of budget cuts, economic impacts, rates, and the strategic use of reserves and financing. While the Water Planning and Stewardship Committee recommended

conditional approval of the local resource projects pending resolution of the long-term funding issue, the Board approved the projects without the Committee recommended condition. Director Blois characterized the debate as especially heated. Director Blois also provided an update on the recruitment process for Metropolitan's next General Manager. After several months' delay related to Board discussions on the role of the Organization, Personnel, and Technology Committee, the Metropolitan Board approved a process for the recruitment at its July 14, 2020 board meeting.

**M. CLOSED SESSION**

None

**N. OTHER BUSINESS**

None

**O. FUTURE AGENDA ITEMS**

None

**P. ADJOURNMENT**

Director Slosson declared the meeting adjourned at 7:00 p.m.

Respectfully submitted,

DocuSigned by:  


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Andy Waters, Board Secretary