

CALLEGUAS MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS MEETING
July 07, 2021

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-08-21 of the State of California on July 07, 2021.

The meeting was called to order by Steve Blois, President of the Board, at 5:00 p.m.

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

Directors Present Via Videoconference: Steve Blois, President
Scott Quady, Treasurer
Raul Avila, Secretary

Directors Absent: Andres Santamaria, Vice President
Andy Waters, 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
Steve Sabbe, I.T. Coordinator

Staff Present Via Videoconference: Henry Graumlich, Associate General Manager
Kristine McCaffrey, Manager of Engineering
Dan Smith, Manager of Administrative Services
Jennifer Lancaster, Principal Resource Specialist
Kara Wade, Clerk of the Board
Kayde Wade, Administrative Assistant

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

B. MINUTES

On a motion by Director Avila, seconded by Director Quady, the Board of Directors voted 3-0 to approve the June 16, 2021 minutes.

AYES: Directors Avila, Quady, Blois

NOES: None

ABSENT: Director Waters, Santamaria

C. WRITTEN COMMUNICATION

1. Coalition Letter Supporting SB 323 (Caballero) regarding Legal Actions applicable to Public Agency Water and Sewer Rates

The Manager of Resources said that, through this letter, Calleguas expressed support for SB 323 which would clarify the timeframe that an interested party would be able to bring a “validation action” in the Superior Court to determine the validity of a fee or charge for water and/or sewer service. Existing law does not preclude lawsuits via a validation action that seek to invalidate existing rate structures years after rates have been adopted and collected. No action was taken.

D. PUBLIC FORUM/ORAL COMMUNICATION

None

E. GENERAL MANAGER

1. General Manager’s Report

The General Manager gave a report on recent meetings that he attended.

- The General Manager gave a brief report on sessions attended at the 2021 California Special Districts Association’s General Manager Leadership Summit.

2. June 2021 Monthly Status Report

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

F. ADMINISTRATIVE SERVICES

1. May 2021 Financial Statements

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

2. Public hearing and discussion regarding adoption of proposed Resolution No. 2014, establishing rules, rates and regulations for water service; Resolution No. 2015, establishing rates for discharge to the Salinity Management Pipeline; and Resolution No. 2016, adjusting fees for annexation to the District

At 5:31 p.m., President Blois opened the Public Hearing. There was no public comment. At 5:32 p.m., President Blois closed the Public Hearing.

RESOLUTION NO. 2014
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. 2015
A RESOLUTION PURSUANT TO ORDINANCE NO. 19
ESTABLISHING RATES FOR DISCHARGE TO THE
SALINITY MANAGEMENT PIPELINE

RESOLUTION NO. 2016
A RESOLUTION OF THE BOARD OF DIRECTORS
OF CALLEGUAS MUNICIPAL WATER DISTRICT ADJUSTING
THE FEE FOR ANNEXATION TO THE DISTRICT

The Manager of Administrative Services said that, at its April 21, 2021 meeting, the Board of Directors reviewed proposed adjustments to Calleguas' rates and fees and set a public hearing on these adjustments for July 07, 2021. The water rates and fees were presented to member purveyors at a meeting on April 26, 2021 and based on a preliminary budget that was to be adopted in June. A notice of hearing was posted and published according to Government Code Section 6060 in a newspaper of general circulation. As of July 07, 2021, the District had received no comments from the public or other agencies regarding this matter.

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

Variable Rates: The 2022 rates for potable water are: Tier 1 at \$1,561 per AF and Tier 2 at \$1,603 per AF. This reflects a 3.5% increase in the Tier 1 rate and a 3.7% increase in the Tier 2 rate.

Capacity Charge (CC): The CC is based on the highest weekly flow rate for a member purveyor between May 01 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 CC for 2022 is \$42,489 per peak week flow (in cfs), representing an increase of 9.4%. The increase is a result of a 14.0% increase in the Metropolitan Water District of Southern California (Metropolitan) rate and a 12.9% increase in the payments to Metropolitan, and a 12.6% increase in the District revenue requirement. Last year, Calleguas delayed the anticipated increase in the CC to ensure a lower rate during the beginning of the pandemic. The District is now phasing in the increases over several years to smooth out the CC increases.

Readiness to Serve Charge (RTS): The RTS Charge is a direct pass through from Metropolitan, with no Calleguas component. The rate will decrease 5.3% in 2022 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 4.0%, with slight variations due to different purveyors' payments under the CC and RTS. All changes would become effective January 1, 2022.

Wheeling Rate

During Fiscal Year (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 \$26.32 per acre foot was calculated for calendar year 2022 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 0.2% decrease in the rate. The decrease is due to an adjustment to the assets used to determine the wheeling rate due to the retirement of assets that were previously included in the rate.

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 2022 are to increase 3.6%, consistent with the increase in the potable water variable rate. The rate for brine is \$645.20 per AF and the rate for non-brine is \$51.70 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 Annexation Fee rate will increase to \$3,608 per acre for 2022 and represents an increase of \$175 or 5.1%.

On a motion by Director Quady, seconded by Director Avila, the Board of Directors voted 3-0 to adopt Resolution Nos. 2014, 2015, and 2016. Resolution Nos. 2014, 2015, and 2016 are attached and made part of these minutes.

AYES: Directors Avila, Quady, Blois

NOES: None

ABSENT: Director Waters, Santamaria

G. OPERATIONS AND MAINTENANCE

- 1. Discussion regarding Resolution No. 2022, award of contract for District security patrol services and authorization of a budget of \$300,000**

A RESOLUTION OF THE BOARD OF DIRECTORS
OF CALLEGUAS MUNICIPAL WATER DISTRICT
AWARDING THE CONTRACT TO PROVIDE
DISTRICT SECURITY SERVICES

The Manager of Operations and Maintenance said that this action was to award the bid to provide security patrol services at District facilities to Access Control Security, Inc. of Northridge. Five bids were received, with the lowest responsive bid being \$97,287 based on the estimated scope of work to be assigned during each one year contract period. Calleguas has the right to extend the contract on an annual basis up to an additional two years, if desired.

On a motion by Director Quady, seconded by Director Avila, the Board of Directors voted 3-0 to adopt Resolution No. 2022. Resolution No. 2022 is attached and made part of these minutes.

AYES: Directors Avila, Quady, Blois

NOES: None

ABSENT: Director Waters, Santamaria

- 2. Discussion regarding approval of professional services by Anchor QEA, LLC to complete a dye study on the Salinity Management Pipeline for an amount not-to-exceed \$130,000**

The Los Angeles Regional Water Quality Control Board (RWQCB) adopted a Waste Discharge Requirement under the National Pollutant Discharge Elimination System (NPDES) Permit No. CA0064521, Order No. R4-2014-0033 for the District's Regional Salinity Management Pipeline (SMP) that requires Calleguas to complete a Dye Tracer Study on the SMP Outfall Pipeline. The purpose of this study is to confirm assumptions used in modeling of the discharge and determine the dilution ratio of the outfall.

The professional services include project coordination with local agencies and individuals, field monitoring, dilution ratio calculations, and reporting elements of the Port Hueneme Ocean Outfall Mixing Zone Study, including a final report for submittal to the RWQCB. This work implements the activities outlined in the Dye Tracer Study Sampling Plan which is required in the NPDES Permit.

On a motion by Director Avila, seconded by Director Quady, the Board of Directors voted 3-0 to approve the professional services.

AYES: Directors Avila, Quady, Blois

NOES: None

ABSENT: Director Waters, Santamaria

H. RESOURCES AND PUBLIC AFFAIRS

1. FY 2020-2021 Water Use Efficiency Program Summary

The Principal Resource Specialist provided a presentation on the District's Water Use Efficiency Program and accomplishments for FY 2020-21. No action was taken.

I. ENGINEERING AND CONSTRUCTION

None

J. WATER POLICY AND STRATEGY

The Associate General Manager informed the Board that the District was supporting the Public Policy Institute of California's Water Policy Center as a Corporate Circle sponsor.

K. DISTRICT COUNSEL

On July 1, 2021, Judge Anderle issued a trial continuance in the Las Posas adjudication matter, moving the trial from October 18, 2021 to January 17, 2022.

L. BOARD OF DIRECTORS

1. Discussion regarding Nomination of Elaine Magner, Pleasant Valley Recreation and Park District, or Hugh Rafferty, Santa Maria Public Airport District, to the Board of Directors of California Special Districts Association Seat A

The General Manager said that Calleguas is a Regular Member of the California Special Districts Association (CSDA). CSDA requires that each of its six Networks have three seats on the Board and candidates must be a board member or management-level employee of a member district located in the Network. Each Regular Member in good standing is entitled to vote for one person to represent its Network in Seat A.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 3-0 to choose Elaine Magner for CSDA Seat A. The Clerk of the Board will submit the Board's choice of candidate via electronic vote before the due date of July 16, 2021, 5:00 p.m.

AYES: Directors Avila, Quady, Blois
NOES: None
ABSENT: Director Waters, Santamaria

2. Oral reports on meetings attended by Board members

Pursuant to Government Code Section 53232.3(d), Board members provided oral reports on meetings attended at the expense of the District.

3. Discussion regarding upcoming meetings to be attended by Board members

The table of upcoming meetings was provided as a packet insert.

4. Metropolitan update

Director Blois reported that the transition to the newly-appointed Metropolitan General Manager, Adel Hagekhalil, is underway. Director Blois also reported that the demand management rate refinement options are still being discussed at the member agency managers' rate workgroup and are anticipated to be scheduled for the Metropolitan Board's Finance and Insurance Committee's discussion in August.

N. OTHER BUSINESS

None

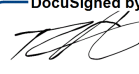
O. FUTURE AGENDA ITEMS

Staff will update the Board on transitioning to in-person Board Meetings.

P. ADJOURNMENT

Director Blois declared the meeting adjourned at 6:52 p.m.

Respectfully submitted,

DocuSigned by:


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Raul Avila, Board Secretary