

CALLEGUAS MUNICIPAL WATER DISTRICT
BOARD OF DIRECTORS MEETING
January 05, 2022

MINUTES

The meeting of the Board of Directors of Calleguas Municipal Water District was held telephonically and via videoconference in accordance with the State of Emergency Declaration issued on March 4, 2020 by the Governor of the State of California, Government Code §54953(e) and Calleguas Resolution No. 2031.

The meeting was called to order by Steve Blois, President of the Board, at 5:02 p.m.

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

Directors Present via Videoconference: Steve Blois, President
Andres Santamaria, Vice President
Scott Quady, Treasurer
Raul Avila, Secretary
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
Dan Smith, Manager of Administrative Services
Steve Sabbe, IT Coordinator

Staff Present via Videoconference: Grant Burton, Manager of Human Resources
Henry Graumlich, Associate General Manager
Kristine McCaffrey, Manager of Engineering
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 5-0 to approve the December 08, 2021 and the December 15, 2021 minutes.

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

C. WRITTEN COMMUNICATION

None

D. PUBLIC FORUM/ORAL COMMUNICATION

None

E. GENERAL MANAGER

1. General Manager's Report

The General Manager reported on meetings attended and matters of interest to the Board of Directors.

2. December 2021 Monthly Status Report

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

F. ADMINISTRATIVE SERVICES

1. Finance Committee Report

Committee Chair Quady summarized the discussion from the Finance Committee meeting held on December 28, 2021. He said there were presentations from RBC Global Asset Management and Chandler Asset Management regarding Proposals for Investment Management, a discussion regarding Fiscal Year 2020-21 Annual Audited Financial Statements, and a discussion regarding midyear budget adjustments and the District's Long Range Financial Plan. No action was taken.

2. Annual Audit Report

A representative of the District's auditor, Nigro & Nigro PC, presented the report to the Board. No action was taken.

3. November 2021 Financial Statements

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

4. Discussion regarding employee cost of living adjustment and revised salary schedule

The Manager of Administrative Services said that Section 12.4.2 (b) of Calleguas' Administrative Code states: "In December of each year, the General Manager shall recommend to the Board a percentage cost-of-living adjustment (COLA) based on the Federal Consumer Price Index (CPI) Report for the 12 month period ending in

November for the urban area in closest proximity to the District. Any COLA approved by the Board shall become effective January 1 and apply to salaries, tuition reimbursement amounts, special duty incentive pay, and daily on-call duty pay. The COLA does not apply to the salaries of the General Manager and District Counsel.”

Enclosed in the packet were:

- a. A chart of Calleguas COLA increases for the past 20 years. Throughout that time, the Board approved the COLA adjustment in the amount of the CPI.
- b. The proposed 2022 salary schedule, including tuition reimbursement amounts, special duty incentive pay, daily on-call duty pay, and retirement health savings account contribution.
- c. A current organizational chart.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 4-1 to approve a cost of living adjustment of 6.0% effective January 1, 2022 and adopt a revised salary schedule.

AYES: Directors Waters, Quady, Santamaria, Blois

NOES: Director Avila

5. Discussion regarding mid-year budget adjustments

The Manager of Administrative Services said that, as the organization approaches the middle of the fiscal year, it is standard procedure to perform a mid-year review of the District's budgetary and financial position to ensure any deviations from the initial budget projections are proactively addressed. Staff also reviews requests for appropriations to address new priorities that are unfunded or underfunded.

The mid-year budget adjustments are as follows:

- Increase to the operating expenses in the amount of \$186,320 to address the Cost of Living Adjustment, a new ChemScan cabinet at the wellfield, and additional funding for cybersecurity enhancements on the SCADA system.
- Increase in bond amortization expenses of \$425,840. This is related to the issue of the 2021A bonds and does not represent any additional cash paid for bond expenses, but is an accounting entry to amortize the bond costs over the life of the bond.
- Increase in revenues in the amount of \$200,000 to reflect a \$100,000 reduction in power generation revenue and an increase in property tax revenue estimates of \$300,000.

- Transfer of \$99,500 from O&M Administration to the Lake Bard Water Filtration Plant (LBWFP) budget to replace the media in the chlorine scrubber at the LBWFP.
- Creation of a new Human Resources Department and separate the Human Resources Budget from the Administrative Services Budget.

On a motion by Director Waters, seconded by Director Quady, the Board of Directors voted 5-0 to approve the mid-year budget adjustments and transfers.

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

NOES: None

6. Discussion regarding approval of professional services by Chandler Asset Management to perform investment management services for the District

The Manager of Administrative Services said that, at the August 4, 2021 Board meeting, staff was directed to issue a Request for Proposals (RFP) for investment management services. The RFP was released on November 1, 2021 and 7 firms submitted proposals for these services. All firms met the requirements of the RFP and submitted competitive proposals. Staff reviewed and rated all of the proposals and presented the results to the Finance Committee on December 6, 2021. The top two firms were invited to give a presentation to the Finance Committee at its December 28, 2021 meeting. At the conclusion of the presentations, the Finance Committee recommended that Chandler Asset Management be selected.

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

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

NOES: None

G. HUMAN RESOURCES

1. Discussion regarding proposed changes to the Administrative Code and changes to the Employee Handbook

The addition of Section 12.4.2.9, Temporary Promotion, to the Administrative Code recognizes an employee who fills in for a higher level employee when called upon to do so due to extended absence arising from illness or other circumstances. The Manager of Human Resources also reported on changes to the Employee Handbook made in the past 6 months.

On a motion by Director Avila, seconded by Director Santamaria, the Board of Directors voted 5-0 to approve amendments to the Administrative Code.

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

H. OPERATIONS AND MAINTENANCE

The Manager of Operations and Maintenance (O&M) gave a brief update on recent activities. He said that O&M staff were currently operating the LBWFP and Las Posas Wellfield. Additionally, the District was receiving supplemental water from Los Angeles Department of Water and Power while Metropolitan's Jensen Filtration Plant was offline for electrical upgrades. Crews began to isolate and dewater the 78-inch Calleguas Conduit North Branch in preparation for inspection beginning on January 10. He said that they were also coordinating with Metropolitan staff for a zero-flow condition at Calleguas' East Portal on January 10 to provide the contractor for the East Portal Isolation Enhancements an opportunity to take measurements for the new slide gate that will be installed in 2023. No action was taken.

I. RESOURCES AND PUBLIC AFFAIRS

1. Drought Response Ad-Hoc Committee Report

The Manager of Resources summarized the discussion from the Drought Response Ad-Hoc Committee meeting held on December 17, 2021. He said the committee established the format for the committee and he gave a water resources report. Additionally, there was discussion regarding water use and conservation attitudes within the Metropolitan service area. No action was taken.

2. Proposed amendment to Government Code Section 56133 (e) related to LAFCO authority to oversee approvals for agencies to provide new or extended services outside their boundaries

The Manager of Resources said that the California Local Agency Formation Commission (LAFCO) and San Diego LAFCO are co-sponsoring a legislative proposal that would amend California Government Code Section 56133.

State law identifies certain contract scenarios as exempt from requiring LAFCO approval, including contracts between two or more local agencies where the intended new or extended service is an equal alternative or substitute for service already provided. California Government Code Section 56133 outlines the requirement for LAFCO review of these scenarios and the exemptions are listed.

The legislative proposal seeks to amend the statute to state that LAFCOs – not local agencies – are authorized to approve the exemptions and oversee the approval process for agencies to provide new or extended services outside their boundaries.

Recently, the Oxnard Harbor District (OHD) submitted a letter to the California Special Districts Association to express concerns on the legislative proposal. OHD's primary concern appears to be that the proposal would allow a LAFCO to authorize its Executive Officer to make determinations on the use of an exemption.

Staff plans to monitor this legislative proposal and keep the Board informed as the situation develops. No action was taken.

3. Water Supply Update

The Manager of Resources provided an update on water supplies. No action was taken.

J. ENGINEERING AND CONSTRUCTION

1. Construction Update

The Manager of Engineering deferred the presentation on construction photos from ongoing projects to a future board meeting. No action was taken.

2. Discussion regarding Kiewit Infrastructure West Co.'s Change Order No. 2 in the amount of \$770,986.22 for the LVMWD-CMWD Interconnection (Project No. 450)

Due to the results of the locating of existing utilities ("potholing"), the additional work includes:

- Increasing the depth of the interconnection pipeline and its blow-off structures at three large existing storm drain under-crossings.
- Increasing the depth of the interconnection pipeline and its access manholes along more than half of the alignment to avoid conflicts with existing shallow utilities.
- Decreasing the depth of the interconnection pipeline in one short segment to avoid conflicts with existing utilities and requiring installation of a reinforced concrete cap to protect the pipeline due to shallow cover. Constructing the pipeline at a shallower depth with a protective cap to avoid the existing utilities instead of installing the pipeline deeper was a creative approach that avoids the need for both deeper pipeline installation at this location and an additional blow off and air/vacuum relief valve, saving more than \$100,000.
- Increasing the requirements for restrained joint lengths along the interconnection pipeline due to the above changes.

An additional 62 days of contractor overhead costs are also included in this change order. This is due to the fact that the changes impact the critical path of the schedule and extend the overall duration of the work due to the time required to prepare the modified plan and profile drawings, analyze the cost implications of the necessary changes, execute this change order, and perform the additional work.

On a motion by Director Avila, seconded by Director Santamaria, the Board of Directors voted 5-0 to approve Change Order No. 2.

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

NOES: None

3. Discussion regarding approval of a capital project budget increase in the amount of \$925,000 for LVMWD-CMWD Interconnection (Project No. 450)

The Manager of Engineering said that an additional capital project budget is required to complete the LVMWD-CMWD Interconnection (Project No. 450) due to the following:

- Prior to bidding, the Board approved a budget allocation for bidding and construction based on the Engineer's estimate. The lowest bid was 18% higher than the Engineer's estimate. At the time, staff had hoped to be able to complete the project within the established capital project budget and did not request a budget increase.
- Change Order No. 2 is an unanticipated cost that was not known at the time of the previous capital project budget allocation.
- Change Order No. 2 will require additional project management and construction inspection effort by staff, as well as materials inspection by the District's specialty inspection consultants for welding and construction materials testing.

On a motion by Director Waters, seconded by Director Quady, the Board of Directors voted 5-0 to approve the budget increase.

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

NOES: None

K. WATER POLICY AND STRATEGY

The Associate General Manager observed that Metropolitan Engineering staff was developing a long-term solution for the State Water Project constrained member agencies. They are bringing commitment, urgency, priority, creativity, cooperation, and excitement to addressing the issue. Their approach will be presented to the Metropolitan Board's Engineering and Operations Committee later in January.

L. DISTRICT COUNSEL

District Counsel said that the Las Posas Adjudication Phase II trial remains on the calendar for January 19, 2022.

M. 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 noted that there had been no Metropolitan meetings since his last update due to the holiday schedule. He was looking forward to seeing what difference the December Sierra snowfall might make in the State Water Project allocation.

4. Discussion regarding an extension of Resolution No. 2031, continuing the proclamation of a local emergency, continuing the ratification of the proclamation of a State of Emergency by executive order, and authorizing remote teleconference meetings of the legislative bodies of Calleguas Municipal Water District pursuant to Brown Act provisions

Director Blois said that, on October 6, 2021, the Board passed Resolution No. 2031 authorizing remote teleconference meetings pursuant to AB 361. AB 361 modifies the Brown Act and authorizes teleconference meetings when a State of Emergency has been proclaimed by the Governor, and meeting in person presents imminent risk to the health and safety of attendees. [Government Code §54953(e)(1)]

On a motion by Director Quady, seconded by Director Avila, the Board of Directors voted 5-0 to extend Resolution No. 2031 authorizing remote teleconference meetings of the legislative bodies of the District.

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

NOES: None

N. CLOSED SESSION

1. Pursuant to Government Code §54956.9(d)(2) – Conference with Legal Counsel – Anticipated Litigation; 1 case.

At 7:00 p.m., Director Blois adjourned to Closed Session to discuss Item N-1 as stated on the agenda.

CLOSED SESSION CONTINUING

At 7:25 p.m., Director Blois reconvened the meeting to Open Session.

Regarding N-1, Legal Counsel stated that, on a motion by Director Waters, seconded by Director Quady, the Board of Directors voted 5-0 to reject the December 06, 2021 claim.

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

On a motion by Director Avila, seconded by Director Santamaria, the Board of Directors voted 5-0 to retain Colantuono, Highsmith and Whatley as Special Counsel.

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

O. OTHER BUSINESS

None

P. FUTURE AGENDA ITEMS

None

Q. ADJOURNMENT

Director Blois declared the meeting adjourned at 7:26 p.m.

Respectfully submitted,

DocuSigned by:


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Raul Avila, Board Secretary