

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT

JULY 24, 2019

A regular meeting of the Board of Directors of Olivenhain Municipal Water District was held on Wednesday, July 24, 2019 at the District office, 1966 Olivenhain Road, Encinitas, California.

President Sprague called the meeting to order at 4:00 p.m. Following the Pledge of Allegiance, the Assistant Secretary called the roll. Directors present were Guerin, Sprague, Topolovac, and Watt. It was noted that Director Kephart was absent.

President Sprague declared a quorum present and ordered the meeting to proceed. In attendance were Kimberly Thorner, General Manager; Alfred Smith, General Counsel; Joey Randall, Assistant General Manager; Rainy Selamat, Finance Manager; John Carnegie, Customer Services Manager; Dave Smith, Operations Manager; Tom Wood, Human Resources Manager; and Stephanie Kaufmann, Executive Secretary.

Also in attendance were Consulting Engineer Don MacFarlane; Consultants Sudhir Pardiwala and Hannah Phan from Raftelis Financial Consultants, Inc; Robert Porr from Fieldman, Rolapp & Associates, Bond Counsel, Lawrence Chan from Stradling, Sara Mares from NBS, Brian Villalobos and Terry Watkins from Geoscience, Kraig Erickson from Woodard & Curran; District employees Brian Sodeman – Customer Service and Public Affairs Supervisor, George Briest from G Briest Consulting; Jessica Cleaver – Administrative Analyst; Teresa Chase – Administrative Analyst; Karen Ogawa – Engineering Project Coordinator; and Shawn Patterson – Administrative Assistant.

5. ADOPTION OF AGENDA

Director Topolovac moved to adopt the agenda, seconded by President Sprague and carried unanimously with Director Kephart absent.

6. PERSONAL APPEARANCES AND PUBLIC COMMENTS

Customer Mary Ann Anderson spoke regarding a leak at her property. The board thanked her for her comments. General Manager Thorner will be following up with Ms. Anderson.

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

- * 2019 Watersmart Landscape Contest Winners, Melanie and Bob Buck
- * Marvin Cohen – Facilities Coordinator – 20 years
- * Tim Schuette – Safety/Risk Compliance Administrator – New Hire

President Sprague presented Mr. and Mrs. Buck with the 2019 Watersmart Landscape award.

Facilities Coordinator Cohen was congratulated by the board. Safety/Risk Compliance Administrator Schuette was welcomed by the board.

8. CONSIDER APPROVAL OF THE MINUTES OF THE JUNE 19, 2019 REGULAR BOARD OF DIRECTORS MEETING

Director Topolovac moved to approve the June 19, 2019 meeting minutes, seconded by Director Watt and carried unanimously with Director Kephart absent.

9. CONSENT CALENDAR

C-a CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS; AND MONTHLY INVESTMENT REPORT

C-b CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S CONSOLIDATED STATEMENTS OF NET POSITION, CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORTS

C-c CONSIDER APPROVAL OF A FIRST AMENDMENT TO THE LEASE AGREEMENT BETWEEN SPRINT PCS ASSETS, LLC AND THE OLIVENHAIN MUNICIPAL WATER DISTRICT FOR COMMUNICATIONS FACILITIES AT THE 4S-I RESERVOIR SITE AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT

C-d CONSIDER APPROVAL OF PRIVATE ENCROACHMENT PERMIT NO. 398 FOR 7721 CAMINO SIN PUENTE (MIKE AND TINA STANDKE) AND ORDER THE PERMIT BE RECORDED

C-e CONSIDER ADOPTION OF A RESOLUTION MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS FOR THE EL CAMINO REAL PIPELINE REPLACEMENT PROJECT AND ORDER A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK, COUNTY OF SAN DIEGO

C-f CONSIDER SETTING A TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER THE OLIVENHAIN MUNICIPAL WATER DISTRICT'S WATER CAPACITY FEES FOR 2019 (August 21, 2019 – 5:30 P.M.)

- C-g CONSIDER ACCEPTANCE OF THE 4S RANCH WATER RECLAMATION FACILITY SOLIDS PROCESSING CONVEYOR SYSTEM REHABILITATION PROJECT (SERPENTIX CONVEYOR CORPORATION) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
- C-h CONSIDER ACCEPTANCE OF THE DAVID C MCCOLLOM WATER TREATMENT PLANT MAIN COMPRESSOR REPLACEMENT ELECTRICAL PROJECT (SOUTHERN CONTRACTING COMPANY) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
- C-i CONSIDER ACCEPTANCE OF THE DAVID C MCCOLLOM WATER TREATMENT PLANT ON-SITE FIELD SERVICES TO SUPPORT TRAIN 3 MEMBRANE REPLACEMENT PROJECT (SUEZ WATER TECHNOLOGIES AND SOLUTIONS) INTO THE DISTRICT'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
- C-j CONSIDER APPROVAL OF AN AGREEMENT FOR AS-NEEDED ENGINEERING CONSULTING SERVICES WITH G. BRIEST CONSULTING, INC. (GBC)
- C-k CONSIDER UPDATE ON THE 4S RANCH RESIDENTIAL RECYCLED WATER FILL STATION (INFORMATIONAL ITEM)
- C-l CONSIDER ANNUAL OBJECTIVES AND TIGER TEAM STATUS REPORT

Director Topolovac pulled agenda item C-k from the consent calendar for discussion. He requested to have staff provide an update at the December board meeting to include usage statistics on the 4S Ranch Residential Recycled Water Fill Station.

Director Watt moved to authorize the Consent Calendar items, seconded by President Sprague and carried unanimously with Director Kephart absent.

- 10. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT DECLARING ITS INTENTION TO LEVY REASSESSMENTS AND TO ISSUE LIMITED OBLIGATION IMPROVEMENT BONDS REASSESSMENT DISTRICT NO. 2019-96-1 (OMWD WATER STORAGE PROJECT)

Municipal Advisor, Robert Porr from Fieldman, Rolapp & Associates, Bond Counsel, Lawrence Chan from Stradling, and Reassessment District Consultant Sara Mares from NBS made a presentation to the board. They recommended the board adopt the bond resolutions and approve the Fiscal Agent Agreement, Placement Agent Agreement, Reassessment Report, and Escrow Agreement.

President Sprague moved to adopt Resolution No. 2019-14, seconded by Director Guerin and carried unanimously with Director Kephart absent.

11. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ADOPTING REASSESSMENT REPORT, CONFIRMING AND ORDERING THE REASSESSMENT BY SUMMARY PROCEEDINGS AND AUTHORIZING AND DIRECTING RELATED ACTIONS

President Sprague moved to adopt Resolution No. 2019-15, seconded by Director Watt and carried unanimously with Director Kephart absent.

12. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT AUTHORIZING THE ISSUANCE OF LIMITED OBLIGATION IMPROVEMENT BONDS REASSESSMENT DISTRICT NO. 2019-96-1 (OMWD WATER STORAGE PROJECT) AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS

Director Watt moved to adopt Resolution No. 2019-16, seconded by Director Guerin and carried unanimously with Director Kephart absent.

13. CONSIDER UPDATE ON THE SAN DIEGUITO VALLEY BRACKISH GROUNDWATER DESALINATION PROJECT (INFORMATIONAL ITEM)

Assistant General Manager Randall, consultants Brian Villalobos and Terry Watkins from Geoscience, and consultant Kraig Erickson from Woodard & Curran presented the report. This was an informational report. No action was required.

14. CONSIDER 2019 DRAFT COST OF SERVICE STUDY – POTABLE AND RECYCLED WATER RATES WORKSHOP WITH RAFTELIS FINANCIAL CONSULTANTS, INC

Consultant Hannah Phan from Raftelis Financial Consultants, Inc. made a presentation to the board, which included an overview of the revised financial plan that included a reduction of the 2020 proposed increase from 4.8% to 3.7%, cost of service allocation methodology used for three rate-structure alternatives, and their impact to customers. She explained that the cost of service allocation methodology for the proposed plan is consistent with the 2014 rate study and that peaking costs have been allocated across all tiers.

Consultant Sudhir Pardiwala from Raftelis Financial Consultants, Inc. added that the District's proposed rates fall below average compared to other agencies in San Diego County. Consultant Pardiwala indicated that there would be an increase to the low water customer's water bills if the variable rate component was increased (under the 75%/25% variable rate/fixed rate

revenue composition) compared to the fixed rate component. Increasing the fixed rate component minimizes the impact that will occur to the different customer classes.

The board discussed the presented three rate-structure designs which included low, medium, and high fixed-cost alternatives.

After discussion, President Watt moved to continue with Rate Option 2: Medium Fixed Charge as the preferred rate option, for Raftelis to prepare the draft study report, and to proceed with the Proposition 218 noticing, seconded by Director Topolovac and carried unanimously with Director Kephart absent.

15. HOLD PUBLIC HEARING AND CONSIDER APPROVAL OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S PUBLIC HEALTH GOAL REPORT (JULY 24, 2019 – 5:30 P.M.)

President Sprague announced that this was the time and place for a Public Hearing to consider the Public Health Goal Report.

General Manager Thorner stated that the notice of public hearing was published in the Union Tribune on Thursday, July 11, 2019. She added that OMWD has prepared a report comparing the District's drinking water quality with public health goals adopted by California Environmental Protection Agency's Office of Environmental Health Hazard Assessment and with maximum contaminant level goals adopted by the United States Environmental Protection Agency. The district's water system complies with all of the health-based drinking water standards and maximum contaminant levels required by the California Department of Health Services and the US EPA.

No members of the public were in attendance to speak.

President Sprague announced that the Public Hearing was closed and reconvened the meeting of the Board of Directors.

Director Watt moved to accept the report, seconded by Director Topolovac and carried unanimously with Director Kephart absent.

16. CONSIDER VOTE FOR REGION SIX (SEAT B) REPRESENTATIVE TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS

Director Topolovac moved to vote for Kathy Tiegs for region six, seat B representative, seconded by Director Guerin and carried unanimously with Director Kephart absent.

17. CONSIDER ADOPTION OF A RESOLUTION FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

President Sprague moved to vote for Bob Swan, Sandy Seifert-Raffelson, and Patrick O'Rourke for election to the Special District Risk Management Authority Board of Directors, seconded by Director Watt and carried unanimously with Director Kephart absent.

18. CONSIDER INFORMATIONAL REPORT ON WATER SUPPLY CONDITIONS AND LONG-TERM WATER USE EFFICIENCY LEGISLATION

Administrative Analyst Cleaver presented the informational report.

19. INFORMATIONAL REPORTS

A. President's Report

President Sprague had nothing to report.

B. General Manager's Report

General Manager Thorner reported that the District won a wellness grant from ACWA JPIA. She also indicated that she will be serving on the fiscal sustainability task force at CWA.

C. Consulting Engineer's Report

Consulting Engineer MacFarlane provided a written report that was included in the board packet.

D. General Counsel's Report

General Counsel Smith provided a written report that was included in the board packet.

E. San Diego County Water Authority Report

Director Guerin reported on the fiscal sustainability task force that will be comprised of board members and general managers. She briefed the board on the portfolio that was given to Secretary of Natural Resources Wade Crowfoot, Secretary of Food and Agriculture Karen Ross, and SWRCB Chairman Joaquin Esquivel. She also reported that the search for CWA's new General Manager has opened with a deadline to apply of August 30.

F. Legislative Report

The Legislative Report was included in the board packet.

G. Twelve Month Calendar/Other Meetings/Reports by Board Members Per AB 1234

Retirement Dinner (June 20)

Directors Guerin, Kephart, Sprague, Topolovac, and Watt attended the event.

Safety Committee Meeting (June 27)

Director Topolovac attended the meeting.

North County Coastal Elected Officials Reception (June 27)

Directors Topolovac and Watt attended the reception.

Special District Leadership Academy (July 7-10)

Director Topolovac attended the event.

Finance Committee Rate Options Workshop (July 11)

Directors Sprague and Watt attended the workshop.

20. CORRESPONDENCE

Correspondence was provided in the board packet.

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

There were no requests.

22. FUTURE AGENDA ITEMS

Director Topolovac requested to have staff provide an update at the December board meeting to include usage statistics on the 4S Ranch Residential Recycled Water Fill Station. The Board concurred.

23. CONSIDER PUBLIC COMMENTS

NOTE: The meeting was in recess
from 6:30 p.m. to 6:50 p.m.

NOTE: The meeting was in closed session
from 6:50 p.m. to 6:59 p.m.

24. CLOSED SESSION

- A) POTENTIAL LITIGATION – PALMA DE LA REINA [PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2)] • Additional Facts: Claim received on January 4, 2019 and rejected by the board on February 13, 2019.
- B) CONSIDER LITIGATION – LYNXT ENTERPRISES, LLC VS. PARS SORRENTO VALLEY SCIENCE PARK 1, LP [PURSUANT TO GOVERNMENT CODE SECTION 54956.9] • Additional Facts: OMWD was served a complaint as a nominal defendant.
- C) CONSIDER LITIGATION – SAN DIEGO GAS & ELECTRIC COMPANY VS. SC VALLEY ENGINEERING, INC; OMWD [PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1)] • Additional Facts: Lawsuit received on May 16, 2019.

25. OPEN SESSION

There was no reportable action from closed session.

26. ADJOURNMENT

President Sprague adjourned the meeting at 6:59 p.m.

Edmund K. Sprague, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Robert F. Topolovac, Vice President
Board of Directors

Olivenhain Municipal Water District