



**VALLEY COUNTY WATER DISTRICT
MINUTES FOR THE REGULAR MEETING OF THE CAPITAL IMPROVEMENTS & RATES COMMITTEE HELD
THURSDAY, FEBRUARY 20, 2014**

Committee Members Present: Director Paul C. Hernandez, Chairperson
Director Alfonso Contreras, Co-Chairperson

Others Present: President Lenet Pacheco
Director Mariana Lake

Staff Present: General Manager – Lynda Noriega
Operations & Maintenance Manager – Tom Mortenson

The regular meeting of the Capital Improvements & Rates Committee Meeting held on Thursday, February 20, 2014 was called to order at 6:00 pm by Director Hernandez.

1. Review DRAFT 2013 Water Master Plan Update Prepared by Civiltec Engineering, Inc

- General Manager announced that Mr. David Byrum and Mr. Anthony Herda of Civiltec Engineering, Inc worked with the General Manager and the Operations & Maintenance Manager to develop and update the draft 2013 Water Master Plan; added that they would be reviewing the plan with the Capital Improvements & Rates Committee
- Mr. Herda asked the members of the Capital Improvements & Rates Committee for a brief review of their background in order to determine their level of technical interpretation of the plan
- Director Contreras reported that his public service began 20 years ago serving on the Valley County Water District Board of Directors, which eventually led to his service on the Upper San Gabriel Valley Municipal Water District Board of Directors; added that he recently retired from working with Southern California Edison for 35 years
- Director Hernandez responded that he was newly elected to the Valley County Water District Board of Directors; explained that he had 13 years of government service experience with the City of Los Angeles working in community development and with the office of the Mayor; added that he was new to the technical aspects of the water industry, but was familiar with strategic and budget planning
- Mr. Herda explained that he would be discussing the data collection process, the data analytical process, the summary of the analyses, and the conclusions for recommendations on projected capital improvement projects; stated that the purpose of the plan was to provide guidance on planning and budgeting capital improvement projects; explained that the estimate of the population and population growth within the District was based on the research completed with the Urban Water Management Plan of the District; reviewed the analysis of land use as it related to population; reviewed the water supply production records in order to predict incremental changes in the required amount of water supply
- Director Contreras inquired if some of the variances in water supply production had been cross referenced with changes in the weather or anticipated water consumption
- Mr. Herda responded that the data provided was not detailed enough to be cross referenced with respect to weather conditions; announced that the plan recommended an expansion of the District Supervisory Control and Data Acquisition (SCADA) system to monitor and record more detailed records of the District's water supply production
- Director Hernandez asked why the plan was based on only three years of historical data

- Mr. Herda responded that this was the period of available data, which was provided by the District
- General Manager explained that the current financial system was installed in 2009; explained that complete consumption data was only available from 2010 thru 2012, for a total of three years
- Operations & Maintenance Manager added that beyond three years, the water supply production data would have been skewed since the District was importing water from Metropolitan Water District (MWD)
- Mr. Herda acknowledged that the usage of MWD imported water would have changed the analysis, and the data would have required adjusting; identified the shortage in water production rights as compared to actual water supply production
- General Manager reported that the District annually leased available production rights and pre-purchased replenishment water from Upper San Gabriel Valley Municipal Water District (USGVMWD)
- Director Contreras questioned how water production rights were appropriated
- Mr. Byrum responded that water production rights for each water year were dependant on the operating safe yield adopted by the Main San Gabriel Basin Watermaster
- General Manager added that the District received approximately 3.015% of the operating safe yield as total water production rights for the period of July 1 through June 30 of each year; stated that the amount adjusted annually based on the adoption of the operating safe yield
- Director Contreras asked what could be done about the District wells that have been inactive for several years
- Mr. Herda stated that water produced from the placement of those wells raised issues about water quality; mentioned whether the cost of utilizing those inactive wells would be cost effective considering the treatment processes that could be required; explained that a detailed cost-benefit analysis could be developed to determine the feasibility of reactivating an inactive well
- Director Hernandez asked if the water from those wells could be treated and utilized in some capacity, such as recycled water or landscape irrigation
- Mr. Byrum stated that implementing additional infrastructure for recycled water would not only be cost prohibitive, but also explained that it would be difficult to build around the current infrastructure of the District; added that recycled water would still be required to meet current drinking water standards
- Mr. Herda stated that he developed a new predictive computer model of the hydrologic conditions within the distribution system, which would provide information for operation of the system
- Mr. Byrum stated that he anticipated discussing a GIS platform in approximately 10 years; explained that a GIS system would integrate the District system atlases with the District SCADA program
- Mr. Herda stated that there were two sets of criteria considered when discussing the application of data to the performance of the system – 1) design criteria, or the hydraulic performance of the system, and 2) planning criteria, or the cyclical replacement of old infrastructure; reported that the capital improvement recommendations from the hydraulic analysis included a new well to supplement the water demand increase anticipated by 2035, a new reservoir facility to address the storage deficiencies in the Upper Baldwin Park pressure zone, a new booster station in the Upper Baldwin Park pressure zone, a booster pump upgrade in the Morada pressure zone, a new pressure reducing valve in the Lower Baldwin Park pressure zone, and some pipeline replacements; stated that the recommended capital improvement projects were not necessarily time sensitive, but based on identifiable triggers, such as maintenance history, and age; commented that recommendations listed as a high priority met two criteria – 1) there was a hydraulic restriction, and 2) the infrastructure was over 60 years of age; explained that low priority was given to projects that may be necessary to meet future requirements and standards related to growth; commented that medium priority was given to cyclical replacements that could be expected due to aging infrastructure
- Director Hernandez asked how much the District annually budgeted for pipeline replacements
- General Manager stated that \$450,000 was budgeted for the current fiscal year
- Operations & Maintenance Manager clarified that the current phase in the pipeline replacement plan was a large area
- Director Hernandez asked if the system was producing the appropriate amount of water pressure according to original specifications and standards
- Mr. Herda stated that the system was originally constructed to be supported by multiple wells distributed throughout the system; added that water production was currently being supplied from two concentrated areas

in the northern, or upper, end of the system; explained that the water must flow longer distances to reach the southern, or lower, end of the system; added that the age of the pipelines also becomes a factor; explained that the computer model would be used to show the distribution system deficiencies and provide recommendations for how the deficiencies should be addressed

- Director Hernandez inquired if the District had started to transition from manual meter reads to automated meter reads, or smart meters
- Operations & Maintenance Manager responded that the District had not started the transition; added that he met with various vendors and was considering a small test area as a pilot project
- Director Contreras stated that this would definitely be a project for consideration in the future; inquired about the current water rate structure of the District; commented that he recalled the rate increase plan being adopted primarily for the anticipated reservoir project
- General Manager stated that the rate adjustment plan was not only dedicated to the reservoir project; explained that the revenues generated by the District were allocated to the general fund for operations and maintenance expenses as well as proposed capital improvement projects
- Director Contreras expressed concern regarding the revenues of the District considering the planned implementation of water conservation programs throughout the service area; stated that if customers really started to conserve, the revenues of the District would be impacted
- General Manager explained that any revenues above and beyond the general operating expenses of the District were transferred to the reserve fund, which was currently held by the Local Agency Investment Fund (LAIF); explained that the District maintained a reserve fund policy that was very conservative; added that when the Long Range Financial Plan was being developed, the consultant recommended that reserve policy be reviewed and updated to include more feasible reserve limits
- Director Contreras expressed concern for the fire flow capability and potential liability of the District in the event of a major local fire
- Operations & Maintenance Manager clarified that the District had addressed fire flow concerns throughout the course of the development of the plan
- General Manager stated that the 2013 Water Master Plan update would be a beneficial tool for the District in preparation of the 2014-2015 capital improvement budget
- Director Hernandez stated that he believed it was the duty of the Capital Improvements & Rates Committee to make recommendations based on the priorities identified in the ten year plan; added that he viewed the identified large water users as opportunities to recommend water conservation strategies
- Mr. Herda explained that these high users were listed in order for the District to identify where the most hydraulic stress was located in the distribution system, which would allow the computer model to accurately represent where the water was being consumed
- General Manager explained that the District submitted a list of the local schools to USGVMWD to determine whether they qualified for their Large Landscape Survey and Retrofit program
- Mr. Herda announced that the Los Angeles County Formation Commission (LAFCO) for special districts determined the boundaries of the District's service area; explained that the District's sphere of influence should be adjusted to reflect current boundaries; provided suggestions for the review of the District's sphere of influence during the next reconciliation process completed by LAFCO
- Director Hernandez inquired if Valley View Mutual Company was a private water company
- Operations & Maintenance Manager clarified that they were a mutual water company, which effectively means they were privately own by the public living in their service area
- Mr. Herda explained that the benefit of annexing Valley View Mutual Water Company into the service area of the District would be the acquisition of their water supply production wells, which were located outside the contamination plumes
- Director Contreras reviewed the previous attempt of the District to acquire Valley View Mutual Company
- Director Hernandez confirmed that the Capital Improvements & Rates Committee had no additional questions based on the time; agreed that the Capital Improvements & Rates Committee would continue discussion of the DRAFT 2013 Water Master Plan at the next committee meeting; requested that the General Manager and the Operations & Maintenance Manager prioritize the list of recommended capital improvement projects

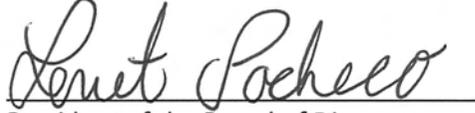
- Director Contreras concurred with Director Hernandez

2. Other Business

- Item not discussed

The regular meeting of the Capital Improvements & Rates Committee held Thursday, February 20, 2014 was adjourned at 8:25 pm by Director Hernandez.

SIGNED:



President of the Board of Directors

ATTEST:



Secretary of the Board of Directors

(OFFICIAL VCWD SEAL)