

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, March 21, 2016
Time: 2:00 P.M.
Place: Board Room
29300 Valley Center Road
Valley Center, CA 92082

The Valley Center Municipal Water District Board of Directors' meeting was called to order by President Broomell at 2:00 P.M.

ROLL CALL

Board members present were: Directors Broomell, Polito, Aleshire and Ferro. Staff members present were: General Manager Arant, General Counsel de Sousa Mills, District Engineer Grabbe, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, Accounting Manager Velasquez, Safety and Regulatory Compliance Supervisor Olson and Executive Assistant Johnson. Spectators present were Jacqueline Howells – HGR and Michael Kinoshita - MKA.

CONSENT CALENDAR

1. Upon motion by Aleshire, seconded by Polito and unanimously carried, the following consent calendar items were approved:

- Minutes of the Board meeting held March 7, 2016
- Audit demand check numbers 143310 through 143420 for February 26, 2016 through March 10, 2016
- Resolution No. 2016-07 affirming the District's authorized debt limits per Ordinance No. 171, effective January 1, 2016
- Board of Directors' request for reimbursement of expenses and report of expenses

PUBLIC HEARING

2. Election Division Redistricting – First Public Hearing:

A public hearing was opened by President Broomell at 2:01 p.m. to receive comments on including the Meadowood Annexation property into Election Division 4. Review of census data confirms that the Meadowood property is currently undeveloped. The possible small addition in population to Division 4 would not constitute making changes to any other boundary lines at this time. A second public hearing is required for review and possible adoption of a resolution to approve new boundary lines. The public hearing was closed at 2:06 p.m.

Upon motion by Polito, seconded by Ferro and unanimously carried, a second public hearing was set for April 18, 2016.

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3. Public Hearing to Adopt a Negative Declaration for the Miller Pump Station Solar Project and Authorization to Proceed with Design and Construction:

A public hearing to receive input and consider adoption of a Negative Declaration for the Miller Pump Station Solar Project was opened by President Broomell at 2:07 p.m. The proposed project consists of a 70kW photovoltaic solar power generating facility with five separate fixed position panel arrays. The arrays will be various sizes and will be located within District property, adjacent to the existing Miller Pump Station.

The estimated cost of the project is \$110,000 for both material and labor. District forces are proposed to complete the installation. Power generated from this project is expected to save enough energy cost to pay for the project within five years reported District Engineer Grabbe.

In compliance with California Environmental Quality Act (CEQA) requirements, an initial study was prepared by District staff. No significant impacts to the environment were identified. The Notice of Intent to adopt a Negative Declaration was posted as required by law and mailed to nearby property owners and other interested parties. No comments have been received at the District regarding the project.

Staff recommends approval of Resolution No. 2016-10 adopting the Negative Declaration, directing staff to file a Notice of Determination with the County Clerk, approves the Miller Pump Station Solar Project, and authorizing staff to proceed with the design and construction of the project.

The public hearing was closed at 2:14 p.m.

Upon motion by Aleshire, seconded by Ferro and unanimously carried, the following Resolution, entitled:

RESOLUTION NO. 2016-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING A NEGATIVE DECLARATION FOR THE MILLER PUMP STATION
SOLAR PROJECT AND AUTHORIZING STAFF TO PROCEED WITH
DESIGN AND CONSTRUCTION OF PROJECT**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire and Ferro

NOES: None

ABSENT: Haskell

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ACTION AGENDA

4. Corporate Office Lobby Renovation Project – Award of Construction Contract:

A request to deem the bid by Urban Corps of San Diego County as nonresponsive and award the construction contract to the second lowest bidder was reported by Director of Operations Hoyle. The project consists of removing existing cabinets, flooring, ceiling, walls and doors and installation of new security glass, cabinets, security door, plumbing and electrical work.

The District received four bids for the Corporate Office Lobby Renovation Project on February 24, 2016, in accordance with formal bidding procedures, as follows:

| | |
|--------------------------------|-----------|
| Urban Corp of San Diego County | \$123,929 |
| Cyber Professional Solutions | \$124,915 |
| Fordyce Construction | \$155,371 |
| K.D. Stahl | \$177,000 |

The apparent low bidder was Urban Corp of San Diego, however, they were not able to demonstrate the ability to perform the required work. The jobs listed in their bid proposal were not similar in size or scope to the work required. For this reason, staff recommended deeming their bid nonresponsive and awarding the project to the second lowest bidder, Cyber Professional Solutions, who met all the bidding requirements. Construction is expected to start mid-April and last six weeks.

District Counsel stated “that deeming Urban Corp’s bid as nonresponsive does not indicate that they are not responsible. This is not a qualitative assessment of their work; only that they did not provide a list of completed projects that were of the same scope and size as the one being bid”.

Adoption of Resolution 2016-08, deeming the bid by Urban Corps of San Diego as nonresponsive and awarding the construction contract for the Corporate Office Lobby Renovation to Cyber Professional Solutions for their low bid of \$124,915 was recommended by staff.

Upon motion by Aleshire, seconded by Polito and unanimously carried, the following Resolution, entitled:

RESOLUTION NO. 2016-08

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
TO DEEM URBAN CORPS OF SAN DIEGO COUNTRY’S BID AS
NONRESPONSIVE AND AWARDING THE CONSTRUCTION CONTRACT
FOR THE CORPORATE OFFICE LOBBY RENOVATION PROJECT
[ACCOUNT NO. 01-5660.78]**

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was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire and Ferro

NOES: None

ABSENT: Haskell

5. Annual Review of District's Investment Policy and Delegation of Investment Authority:

Review of the District's investment policy by the Board of Directors is required annually by Administrative Code Section 50.1(j). In addition, Government Code Section 53607 requires the delegation of investment authority be reconfirmed by the Board annually.

Finance Director Pugh reported that the District's investment policy has three objectives: 1) the safety and preservation of capital, 2) the liquidity to meet cash flow requirements, and 3) an investment yield at least equal to the market rate of return.

Staff recommended approving the District's Statement of Investment Policy without modification and renewing the authority delegated to the Treasurer to invest and reinvest District funds.

Upon motion by Aleshire, seconded by Ferro and unanimously carried, the following resolution, entitled:

RESOLUTION NO. 2016-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT TO APPROVE
THE STATEMENT OF INVESTMENT POLICY AND TO RENEW
THE DELEGATION OF INVESTMENT AUTHORITY TO
THE TREASURER OF THE DISTRICT**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire and Ferro

NOES: None

ABSENT: Haskell

GENERAL MANAGER'S AGENDA

6. Strategic Plan Performance Measurement Results for 2015:

General Manager Arant highlighted some of the Strategic Plan Performance Results for 2015:

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- Unknown Water Loss percentage is up from 4.3% to 5.1% because the District is selling less water. The actual amount of water loss, 1,075.6 acre feet, is the lowest ever reported.
- Discretionary Reserves – Goal met with 5 months of O&M expense.
- Total Commodity Cost – Goal met with M&I at 10.5% and TSAWR at 13.7%
- Pump Efficiency – Goal is 95% of design efficiency; actual is 103.7%
- Project Actual vs. Estimated Cost – Goal met at 7.4% under Engineer's estimate.
- Water Service Reliability – Exceeded with 99.999% reliability.
- Lost Time Accidents – Goal met with less than 1% of total man hours.
- Return on Investments – Goal exceeded with average yield of 0.876%.
- Customer Satisfaction – 100% “meets or exceeds” customer expectations.

7. Miscellaneous:

General Manager Arant reported on the following miscellaneous items:

- DWR allocated the District a 5% drought resilient supply credit and a 2% supply adjustment for weather. This is still 1% less than what the other SDCWA agencies received for drought resiliency (8% is the maximum credit allowed). Mr. Arant met last week with the head the enforcement program to have the District's situation reviewed.
- The State may be making changes in its approach to the drought situation on a regional supply basis. A workshop is scheduled for April 20th in Sacramento to discuss this new tactic.
- Staff will be attending the San Luis Rey Valley Groundwater Basin meetings even though the District has a very small footprint in the basin, to keep abreast and make sure the costs are allocated appropriately.
- ABM/ZNE is working on a multifaceted proposal that includes lighting upgrades, air conditioning, solar projects and AMI meters.
- Cool Valley Reservoir Solar is now on-line.
- A shutdown on the 2nd Aqueduct in the West Reservoir Zone is taking place March 20 to 26, 2016. Agricultural customers in that area were notified.

GENERAL COUNSEL AGENDA

8. General Counsel de Sousa Mills reported on the following items:

- A Senate Bill was recently amended to require that any new conservation measures be done on a “county-wide” basis.

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- There is a piece of legislation under review that would require each agency to make a definition of what “excessive water use” is. Any residential water use in excess of that amount would be an infraction subject to a \$500 per unit fine.

CLOSED SESSION

9. A closed session was called by President Broomell at 2:57 p.m. pursuant to:

- **Government Code §54956.8 – Conference with Real Property Negotiators:**

| | |
|----------------------|----------------------------|
| Property: | 186-231-15-00 |
| Agency Negotiator: | Gary Arant |
| Negotiating Parties: | Sage Investco, LLC |
| Under Negotiation: | Price and Terms of Payment |

- **Government Code §54957.6 – Conference with Labor Negotiators:**

| | |
|------------------------|----------------------------------------|
| Agency Representative: | Gary Arant, General Manager |
| Employee Organization: | Valley Center MWD Employee Association |

RECONVENE

10. The regular Board of Directors meeting reconvened at 3:45 p.m. There was no reportable action.

ADJOURNMENT

11. Upon motion by Aleshire, seconded by Polito and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:46 p.m.

ATTEST:

ATTEST:

President

Secretary

Minutes approved at a regular meeting of the Board of Directors on 04/04/2016