

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, June 20, 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, Haskell and Ferro. Staff members present were: General Manager Arant, General Counsel Martin, District Engineer Grabbe, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, Safety and Regulatory Compliance Supervisor Olson, and Executive Assistant Johnson. Spectators present were: Jacqueline Howells – HGR, Lance Andersen – MRCD, and Michael Kinoshita - MKA.

CONSENT CALENDAR

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

- Minutes of the Board meeting held June 6, 2016.
- Audit demand check numbers 144073 through 144181 for May 27 through June 9, 2016 and electronic disbursements for May 2016
- Resolution No. 2016-18 declaring the Board's intent to accept DWR Grant Funds for preparation of the S.D. Regional Agricultural Water Management Plan
- Resolution No. 2016-20 establishing the Appropriation Limit for FY 2016-2017
- Resolution No. 2016-21 adopting the 2016 Update to the Local CEQA Guidelines

2. Upon motion by Polito, seconded by Haskell and unanimously carried, the following consent calendar item was approved:

- Resolution No. 2016-22 revising the Pledged Revenues and Funds resolution for repayment of State Revolving Fund financing for the Cool Valley Reservoir Cover/Liner Replacement Project (superseding Resolution No. 2016-11)

PRESENTATION

3. Regional Conservation Partnership Program and Project Application:

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A report on the proposed partnership to benefit the agricultural producers of North San Diego County was presented by Lance Andersen of the Mission Resource Conservation District (MRCD). The goal of the partnership is to bring federal funding and technical assistance to local growers to improve irrigation efficiency and promote soil and resource conservation.

The MRCD has submitted a grant application pre-proposal to fund a 3-year Regional Conservation Partnership Program (RCCP) involving 10 retail water agencies, including VCMWD, the SDCWA and the San Diego Co. Farm Bureau, covering over 41,000 acres of North County farmland. The application is for \$1.95M, with \$1.168M coming from the USDA-NRCS and \$787,000 pledged from the RCCP partners through support and in-kind services.

The application process is very competitive. For federal fiscal year 2015, 600 pre-proposals were submitted nationwide with only 210 invited to submit full proposals. Of those, 110 applications were funded; only five were in California. The RCCP has chosen to enter the state pool this time which has a better chance of receiving funding. Notification is expected by mid-July if the RCCP will be invited to submit a full proposal.

ACTION AGENDA

4. Adoption of Operating and Capital Budget for Fiscal Year 2016-2017:

The fiscal year 2016-2017 Operating and Capital Budget was presented for adoption by Director of Finance Pugh. A total combined budget of \$65,382,119 was reported, \$14.8M less than the previous year. This is mainly due to the decrease in capital outlay; \$8.3M on the Woods Valley Ranch Expansion, and \$4.5M in water capital projects.

Operational revenues are budgeted at \$40.1M, down 6.6% from the current year. Water sales are budgeted at 20K acre feet, down 13% from 2015-16.

A 6.9% increase is proposed for the domestic rate and an 8.3% increase for the TSAWR rate in 2017. Pumping rates, which have not gone up since 2006, will increase by 10%. Meter Service Charges are also proposed to increase 10% - from \$36.30 to \$39.93 for a ¾" meter.

Component	Domestic		TSAWR	
	Current	Proposed	Current	Proposed
MWD/SDCWA Wholesale	\$1,714.00	\$1,826.69	\$1,182.13	\$1,276.61
VCMWD	\$201.20	\$221.32	\$201.20	\$221.32
Total	\$1,915.20	\$2,048.01	\$1,383.33	\$1,497.93
Proposed Increase		\$132.81/AF		\$114.60/AF
		6.9%		8.3%

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Interest earnings of 0.9% are estimated with revenues of \$225K. Property taxes are up 3%, just under \$2.1M. Water availability charges are unchanged at \$585,000.

Staffing is budgeted at 63 full-time equivalent employees for the remainder of 2016, dropping to 62 beginning January 2017. Salaries include a 2% cost of living adjustment.

Total expenses for water operations, excluding source of supply, are up \$15K or 0.1%.

Wastewater:

An increase to the Moosa monthly service charge and the low pressure wastewater collection system maintenance fee of 5% is proposed. The service charge will increase from \$51.20 to \$53.76; the maintenance fee will increase from \$42.25 to \$44.36. Operating expenses at Moosa are \$134K higher than the current budget year due to higher labor and benefits, chemical and power costs.

Woods Valley Ranch proposed operating expenses are \$107,691 higher than the current year. This increase is due to the increased allocation of labor and benefits and higher power costs. The service charges are unchanged at \$98.60 per month which is collected as a fixed charge special assessment on the property tax roll.

Woods Valley Wastewater Expansion standby fees will be \$550.32 per equivalent dwelling unit. This will also be collected on the property tax roll and will generate \$602,000 which will be used to establish a replacement reserve for the expansion facility.

Capital Projects:

Budgeted water capital projects for 2016-17 total \$1.3M. This includes \$563K in augmentation of prior year projects such as Cole Grade Road Pipeline Replacement, water system upgrades, SCADA improvements and Administrative Facility Improvements. New projects include Rincon Reservoir Recoating, Natural Gas Engine Control Upgrade and Automation, Boardroom audiovisual upgrade, and a portable generator.

Wastewater capital projections include \$224,000 for the Moosa Treatment Plant and \$75,000 for Woods Valley Ranch WRF.

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

RESOLUTION NO. 2016-19

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTING THE FINAL OPERATING AND CAPITAL BUDGET FOR THE**

**Valley Center Municipal Water District
Board of Directors' Meeting**

**FISCAL YEAR 2016-2017 AND ESTABLISHING CONTROLS ON CHANGES IN
APPROPRIATIONS FOR VARIOUS FUNDS**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire, Haskell and Ferro

NOES: None

ABSENT: None

5. Ordinance No. 2016-09 Implementing the MOU with the Employees' Association for Fiscal Years 2016-17, 2017-18 and 2018-19, and Adoption of Administrative Code Changes to Article 8:

Adoption of Ordinance No. 2016-09 implementing the Memorandum of Agreement with the District's Employees' Association and authorizing changes to Administrative Code Article 8, Compensation, was requested by General Manager Arant.

The approved MOU calls for a 2% Cost of Living Adjustment (COLA) effective July 1, 2016 which requires modifications to the Administrative Code as follows:

- Section 8.6, Standby Duty Pay increase from \$31.39 to \$32.02/hour.
- Section 8.7, Shift Differential Pay increase from \$1.41 to \$1.44/hour.
- Section 8.9, Position Classifications and Salary Ranges - increasing all salaries and hourly rates by 2%.

A Compensation and Benefit Study, conducted by Deloach and Associates earlier this year, indicated two positions were significantly below the survey median and in need of adjustment. The Safety and Regulatory Compliance Supervisor was 14.3% below median and will be changed to a Range 27. The GIS/Engineering Services Supervisor was 11.8% below survey median. Rather than adjusting this range, a new classification entitled Project Coordinator will be created at Range 27.

In addition, several other new classifications are being established:

Accounting Specialist, I, II and III,
Electrical Technician I and II,
Sr. Engineering Technician, and
Director of Finance will get "and Administration" added to its title.

Section 8.14, Safety Shoe Reimbursement, is also being modified to allow for up to \$200.00 per pair, and for up to two pair per year based upon demonstrated need.

All changes affecting the Administrative Code will go into effect beginning mid-shift on June 24, 2016.

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

ORDINANCE NO. 2016-09

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE ADMINISTRATIVE CODE TO INCORPORATE
PROVISIONS PER THE APPROVED MEMORANDUM OF UNDERSTANDING
BETWEEN THE VALLEY CENTER MUNICIPAL WATER DISTRICT AND
THE VALLEY CENTER MUNICIPAL WATER DISTRICT EMPLOYEES'
ASSOCIATION, AS WELL AS OTHER ASSOCIATED CHANGES
TO ARTICLE 8, "COMPENSATION"**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire, Haskell and Ferro

NOES: None

ABSENT: None

6. Administration Building Security Enhancement and Remodel Status Report:

An update on the Administration Building remodel was provided by Safety and Regulatory Compliance Supervisor Olson. Phase 1, the security enhancements and front lobby area, is expected to be complete by July 1st. Phase 1-A will begin on July 5th and includes the offices adjacent to the lobby area.

During the course of this project, it was found that asbestos-laden tile and glue was present throughout the building. Current air quality and work environment regulations require that, if disturbed, the asbestos-laden floor tile and glue must be removed, abated, and properly disposed of by specially licensed contractors. This makes the Phase 2 improvements cost prohibitive as abatement of the rest of the building is estimated between \$50,000 - \$70,000. The Phase 2 construction will be deferred while all possible options are explored. Staff will re-evaluate this issue, as well as the future needs of the District's corporate facilities, at the end of the fiscal year and possibly budget for additional work in FY 2017-18.

GENERAL MANAGER'S AGENDA

7. Miscellaneous:

Each Department Head gave a short report on the current projects or activities being worked on by their staff.

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The following miscellaneous items were reported by Mr. Arant:

- The Groundwater Sustainability Agency letter of intent will be submitted to the Department of Water Resources soon.
- The Water Authority will be moving forward on acquiring the Hauck Mesa site.
- A \$2,000 Wellness Program Grant from JPIA was awarded to the District which the Employees' Association will manage.

CLOSED SESSION

8. A closed session was called by President Broomell at 3:51 p.m. pursuant to:

- **Government Code §54957 – Public Employee Performance Evaluation:
General Manager**
- **Government Code §54957.6 – Conference with Labor Negotiators:**

Agency Designated Representatives:	Board of Directors
Unrepresented Employee:	General Manager

RECONVENE

9. The regular Board of Directors meeting reconvened at 4:26 p.m. There was no reportable action.

ADJOURNMENT

10. Upon motion by Aleshire, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 4:28 p.m. until Monday, June 27th at 2:00 p.m.

ATTEST:

ATTEST:

President

Secretary

Approved at a regular meeting of the Board of Directors on July 18, 2016