

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Tuesday, September 6, 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, Acting General Counsel Martin, District Engineer Grabbe, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, Manager of Accounting Velasquez and Executive Assistant Johnson. Spectators present were: Mr. & Mrs. Lenson.

CONSENT CALENDAR

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

- Minutes of the Board meeting held August 1, 2016.
- Audit demand check numbers 144195 through 144200 and 146293 through 146538 for July 22 through August 25, 2016 and wire disbursements for July 2016
- Annual report of Professional and Consulting Agreements for FY 2015-16

PRESENTATION

2. ACWA/JPIA Employee Benefit Plan Comparison:

A comparison of the District's Kaiser medical, dental and vision plans to what is offered by ACWA/JPIA was recently performed by the Benefits Manager at ACWA JPIA, and presented by Accounting Manager Velasquez.

While the Kaiser plan offered by ACWA/JPIA offers premium savings to the District, it includes \$10 copays for doctor visits and \$15 copays for brand name prescriptions. The Kaiser direct plan for 2017 will experience a decrease in cost of 2.94% while the ACWA/JPIA Kaiser plan will increase 2.41%.

The District's self-funded dental plan is significantly less expensive; however, ACWA/JPIA's plan has a higher maximum benefit and a slightly lower deductible.

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The vision plan comparison showed a slightly higher cost for the ACWA/JPIA plan with some minor increased benefit.

A summary of the cost for all three plans for 2017 is as follows:

Kaiser	\$52,941
Dental	(34,419)
Vision	(1,919)
Net Annual Savings with ACWA/JPIA	\$16,603

Staff recommended staying with the District's current plan for now but reviewing the figures again prior to the next MOU negotiation period.

ACTION AGENDA

3. Report on the Drought Emergency Regulations and Long-Term Water Use Efficiency Standards Process:

General Manager Arant reminded the Board that the District was able to self-certify its water supply conditions and demands through 2019. A posting on the SWRCB website confirmed a 0% mandatory conservation level through the end of 2016. However, mandatory water use restrictions could be re-imposed with another dry winter. Customers are still being asked to comply with water waste provisions.

In response to Executive Order B-37-16, the State Water Resources Control Board and the Department of Water Resources are working to develop new water use targets as part of a permanent framework for urban water agencies. The agencies will be provided an annual allotment of water based on standards such as 55 gallons per day/per person for indoor use, with an allotment for outside use based on irrigated area and climate. The new permanent framework is to be presented to the Governor by January 10, 2017, translated into legislation in the spring, and then signed into law. Both SWRCB and DWR were very clear that this would be the basic method for allocating water and there would be no options afforded water agencies.

Many on the Urban Advisory Group have expressed concerns over not only the lack of options being given but also on the alarmingly short amount of time provided to develop and present this framework. Water agencies will likely be given some lead time to implement the provisions. However, the cost of analyzing and tracking the water budget of each parcel will be labor and technology intensive and is a big concern to water agencies.

An Agricultural Advisory Group, made up of various stakeholders from around the state, will also be meeting to consider new efficiency targets for farmers.

Over the next few months, staff will be actively monitoring, as well as participating in both the Urban and Agricultural Water Use Efficiency processes. The state is trying to change 100 years of water management in 90 days, reported Mr. Arant. Through

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these meetings the water agencies are hoping to slow the process down because the unintended consequences of the state's actions could be enormous.

4. Approval of Resolution to Amend the FY 2016-17 Annual Budget to Provide Additional Funding for Extending Sr. Construction Inspector Retirement Date:

An amendment to the FY 2016-17 annual budget by transferring \$42,000 from the Field Department's staff funds to the Engineering Department staff funds to provide funding for salary and benefits to extend the Senior Construction Inspector's retirement date from December 31, 2016 to the end of the fiscal year, June 30, 2017, was requested.

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

RESOLUTION NO. 2016-28

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
AMENDING THE FY 2016-2017 BUDGET BY TRANSFERRING
\$42,000 FROM THE FIELD DEPARTMENT ACCOUNT 01-5463.01 TO
THE ENGINEERING DEPARTMENT ACCOUNT 01-5324.01**

as adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

GENERAL MANAGER'S AGENDA

5. Award of Department of Water Resources Grant for the San Diego Regional Agricultural Water Management Plan:

Executive Order B-29-2-15 required all urban water agencies with commercial agricultural customers to complete Agricultural Water Management Plans to maintain an exemption from the state's urban conservation requirements. VCMWD participated with 14 other retail agencies, through the S.D. County Farm Bureau, to submit the San Diego Regional Agricultural Water Management Report which was prepared by Ken Weinberg and Bill Jacoby. The cost of preparing the report was based on the percentage of agricultural land in each participating district with VCMWD paying 21.4% of the \$82,600 total, or \$17,676.

The Governor has allocated up to \$50,000 per agency in Proposition 1 funds to assist water agencies in developing and completing their respective ag water management plans. VCMWD and Rainbow, being the two largest ag agencies in

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the group, hired Ken Weinberg to make application for a grant to cover the report costs.

Both agencies were notified that the grant has been approved at \$41,300 each. After reimbursing the \$5,000 cost of applying for the grant, the net balance of \$77,600 will be distributed among the 15 agencies based on their ratio of contribution to the project expenses. This will leave VCMWD with a total net project cost of only \$1,070.

6. San Diego County Water Authority's Board of Directors' Meeting:

General Manager Arant reported on the following items from the SDCWA Board of Directors meeting of August 25th:

- The Carlsbad Desal plant was built with the understanding that in 2017-2018 the Encina Power Plant will go off line, as all coastal power plants are required to cease operation because of their ocean discharge issues. The intake facilities at the desal plant would then need to be replaced. Since that time, the California Ocean Plan has increased its provisions to protect the phytoplankton in the water from harm. This has increased the estimated cost of the new intake equipment from \$24M to \$38M; which will, in turn, increase the cost of desal water by 6.5%.

7. Miscellaneous:

The following miscellaneous items were reported by General Manager Arant:

- The June Status Report was presented. A new solar page has been added entitled "Renewable Energy Projects."
- Final water deliveries for 2015-16 were 18,369 AF, whereas 23,000 AF was budgeted.

GENERAL COUNSEL AGENDA

8. Acting General Counsel Steven Martin provided an update on legislation that has recently been signed by the Governor and legislation currently awaiting his approval.
- SB 814 was approved and discusses what is "excessive water use" when the Governor declares a water emergency. This bill requires either setting up a rate structure that would prevent excessive water use or developing an ordinance that would define what is excessive use.
 - A Brown Act modification was approved that changes how manager compensation is reported.

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BOARD OF DIRECTORS' AGENDA

9. Resolution in Opposition to Proposition 53 (Cortopassi Initiative):

Proposition 53 would require the state to get voter approval before issuing revenue bonds in excess of \$2 billion. It is thought that this is primarily aimed at the bullet train, conveyed Mr. Arant. However, it could have far reaching effects on other water projects such as the Delta Fix or issuing revenue bonds that could have a share in the State Revolving Fund Loan program.

ACWA, and other agencies, have asked their members to oppose this proposition by adopting a resolution.

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

RESOLUTION NO. 2016-27

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
IN OPPOSITION TO PROPOSITION 53, THE CORTOPASSI INITIATIVE,
APPEARING ON THE NOVEMBER 8, 2016
GENERAL ELECTION BALLOT**

was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

ADJOURNMENT

10. Upon motion by Aleshire, seconded by Polito and unanimously carried, the regular meeting of the Board of Directors was adjourned at 2:53 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on October 3, 2016