

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday November 7, 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, Haskell, Aleshire, and Ferro. Staff members present were: General Manager Arant, General Counsel de Sousa Mills, Deputy Engineering Dept. Director Williams, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, Manager of Accounting Velasquez, Accounting Specialist Cattaneo and Executive Assistant Johnson. Spectators present were: Paulina Recabarren and Teresa Tablas – Senator Anderson's Office and Jacqueline Howells – HGR.

COMMENTS

Senator Joel Anderson's office announced the Senator's Holiday Legislative Open House on December 7th in El Cajon.

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 October 17, 2016
- Audit demand check numbers 146950 through 147106 for October 7, 2016 through October 27, 2016 and wire disbursements for October 2016
- Treasurer's Report for month ending September 30, 2016
- Board of Directors' request for per diem compensation, reimbursement of expenses, and report of expenses.

ACTION AGENDA

2. Extension of Water Service Agreement with the San Pasqual Band of Diegueno Mission Indians:

The District has had an emergency water service agreement with the San Pasqual Band since 1996. At the request of the Band, Metropolitan Water District has consented to another one year time extension.

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Adoption of Resolution No. 2016-34 would approve the 7th Amendment to the Third Water Supply Agreement between the District and the San Pasqual Band of Mission Indians through September 30, 2017.

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

RESOLUTION NO. 2016-34

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
AN EXTENSION TO THE THIRD AGREEMENT BETWEEN
THE DISTRICT AND SAN PASQUAL BAND OF MISSION INDIANS
REGARDING WATER SUPPLY TO SEPTEMBER 30, 2017**

was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

3. 2016 Water Rate Survey Results:

A survey of water rates and charges was recently conducted by staff of 21 water agencies in San Diego County, including VCMWD. The commodity rate results are based on the 26th and 100th unit of consumption in one month. This is done because many agencies have inclining block rates. The agricultural rate result is based on the single unit rate and the cost of 1 AF of water.

- Domestic commodity rate – 5th lowest (6th in 2015 survey), 21.9% below average.
- Ag commodity rate – 7th lowest (same as in 2015), 18.7% below the average.
- Monthly meter charge – 17th lowest (15th in 2015), 28.7% above the average.
- Domestic - 26 HCF – 13th lowest (10th in 2015), 2.6% above average.
- Domestic - 100 HCF – 8th lowest (6th in 2015), 15.9% below average.
- 1 AF of Ag Water – 7th lowest (same as last year), 18.8% below average.

Of the eight water agencies with 100% imported treated water, the District's results are as follows:

- Domestic commodity rate – lowest (same as 2015)
- Ag commodity rate – 2nd lowest (same as 2015)
- Monthly meter charge – 6th lowest (same as 2015)
- Domestic - 26 HCF – 4th lowest (same as 2015)
- Domestic – 100 HCF – 3rd lowest (1st in 2015 survey)
- 1 AF of Ag Water – 2nd lowest (same as 2015)

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The ranking relationships between 2015 and 2016 have remained relatively static, indicating that all the surveyed water agencies have raised rates and charges at a fairly uniform rate. All retail water agencies will likely be considering rate increases for 2017 which could change the District's overall ranking.

VCMWD is one of the few agencies left in the County with a single block rate, reported Mr. Arant. The state recommends imposing the inclining block rate in order to encourage conservation. However, staff does not advise changing its rate structure.

4. Discussion of Proposed Changes to Water and Wastewater Rates and Charges for 2017:

In January 2017, wholesale costs from the San Diego County Water Authority and Metropolitan Water District will increase \$112.60 per acre foot, or 6.6%, for domestic water sales and \$94.48 per acre foot, or 8%, for Transitional Special Agricultural Water Rate (TSAWR) sales. These anticipated increases, and those being proposed, were included in the 2016-2017 Operating Budget, conveyed Finance Director Pugh.

The District's local cost component is proposed to be \$221.32 per acre foot, a 10% increase over the current rate of \$201.20. If approved, this would make the total net increase 6.9% for domestic users, and 8.3% for TSAWR. The following table shows the proposed charges per hundred cubic feet:

	<u>Current</u>	<u>Change</u>	<u>Proposed</u>
<u>Domestic/Commercial:</u>			
Wholesale: MWD/SDCWA	\$3.9348	\$0.2585	\$4.1933
VCMWD	<u>\$0.4619</u>	<u>\$0.0462</u>	<u>\$0.5081</u>
Total	\$4.3967	\$0.3047	\$4.7014
<u>Certified SAWR:</u>			
Wholesale: MWD/SDCWA	\$2.7138	\$0.2169	\$2.9307
VCMWD	<u>\$0.4619</u>	<u>\$0.0462</u>	<u>\$0.5081</u>
Total	\$3.1757	\$0.2631	\$3.4388
Reclaimed (50% of Domestic)	\$2.1984	\$0.1523	\$2.3507

Meter Service Charge:

A 10% increase in the monthly meter service charge is being proposed. This would generate approximately \$494,000 annually which would offset increases in local operating costs. No increase is proposed for fire protection meters.

<u>Meter Size</u>	<u>Current</u>	<u>Change</u>	<u>Eff. 2/1/17</u>	<u>Fire Meter</u>
¾ inch	\$36.30	\$3.63	\$39.93	\$8.75
1 inch	\$49.59	\$4.96	\$54.55	\$12.25
1-½ inch	\$74.39	\$7.44	\$81.83	\$18.25
2 inch	\$99.18	\$9.92	\$109.10	\$24.25
3 inch	\$148.77	\$14.88	\$163.65	\$36.50

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Pumping Rates:

A 10% increase in pumping rates is proposed due to SDG&E rate increases. Pumping rates have not been increased since 2006. It is anticipated that the pumping rate stabilization reserve will be consumed during the budget year and additional increases over the next few years may be required.

SDCWA Infrastructure Access Charge:

The Water Authority annually assesses the District a fixed charge based on the number and size of active meters. This charge is passed through and collected from active customers. The new charge for a ¾-inch meter will be \$2.87, up \$0.11 or 4% from last year.

Construction Water Permit Fee:

Fees for construction water will increase in conjunction with the proposed water rate increases. The new fees will range from \$275 for the smallest trucks to \$550 for trucks with a capacity of 5,000 gallons or more.

Wastewater Monthly Service Charges:

The Moosa sewer service charge is proposed to increase 5%, or \$2.56 per equivalent dwelling unit (EDU), from \$51.20 to \$53.76, to offset increases in local operating costs.

The monthly low pressure wastewater collection system maintenance fee is also proposed to increase 5%, from \$42.25 to \$44.36 per EDU.

Sewer service charges and standby fees for the Woods Valley Ranch Water Reclamation Facility are collected as a fixed charge special assessment on the property tax roll. No change is proposed at this time. Upon completion of the Expansion project, the charges/fees will be re-evaluated.

Staff will return with an ordinance for adoption of the proposed increases at the next board meeting.

GENERAL MANAGER'S AGENDA

5. 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 October 27, 2016:

- SDCWA rate litigation with MWD is ongoing; moving into the appellate phase.
- The Emergency Storage Project is in the final phases.
- Hauck Mesa acquisition moving forward. CWA plans to demolish the reservoir and build a 1 MG flow control facility.

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6. Miscellaneous:

The following miscellaneous items were reported by General Manager Arant and the Department Heads:

- Water demand has slightly increased; may reach the budgeted 20,000 AF.
- Cool Valley Reservoir Cover/Liner Replacement under construction. Expect completion in February.
- Data Stream system going down at the end of November. There will be no on-line bill paying for about two months. Staff will be notifying customers.

BOARD OF DIRECTORS' AGENDA

7. Director Aleshire reported on his attendance at the ACWA-JPIA Region 10 meeting on October 28th at the Vista Irrigation District.

CLOSED SESSIONS

8. A closed session was called by President Broomell at 3:04 p.m. pursuant to:

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

Property:	APNs: 133-312-47, 189-290-02 and 129-163-12
Agency Negotiator:	James Pugh-VCMWD
Negotiating Parties:	T-Mobile West LLC
Under Negotiation:	Price and Terms of Lease

RECONVENE

9. The regular Board of Directors meeting reconvened at 3:13 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 3:14 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on November 21, 2016