

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Tuesday January 17, 2017
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 Vice President Polito at 2:00 P.M.

ROLL CALL

Board members present were: Directors Polito, Aleshire, Haskell 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, Manager of Accounting Velasquez and Executive Assistant Johnson. Spectators present were Jacqueline Howells – HGR and John Christopher – Louis Berger.

2016 ELECTION RESULTS

Directors Polito and Ferro both won their respective Divisions in the November 2016 General Election and are reappointed to 4-year terms expiring December 6, 2020.

ELECTED OFFICERS FOR THE 2017-2018 TERM:

President – Gary Broomell
Vice President – Robert Polito

CONSENT CALENDAR

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

- Minutes of the Board meeting held December 19, 2016
- Audit demand check numbers 147461 through 147693 for December 9, 2016 through January 5, 2017 and wire disbursements for December 2016
- Treasurer's Report for month ending November 30, 2016
- Appropriation Limit Worksheet
- Purchase Order No. 106355 for the purchase of two 2017 Extra Cab ½ ton trucks
- Purchase Order No. 106359 for the purchase of a 200kW portable generator
- Board of Directors' request for reimbursement of expenses and report of expenses
- Quarterly report of employees' expense reimbursements for the quarter ending December 31, 2016

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ACTION AGENDA

2. Report on the Status of Various Federal Affairs Programs:

An update on developments in the District's Federal Affairs efforts was provided by Jacqueline Howells of Howells Government Relations.

VCMWD began a partnership in 2013 with the USDA-Natural Resources Conservation Service and Mission Resource Conservation District to provide ag customers water use efficiency evaluations and to aid in securing federal funding for retrofits and efficiency improvements. In 2016, \$114,414 in funding was received by 5 ag producers.

In 2016, spearheaded by VCMWD and led by Lance Andersen of MRCD, the San Diego County Partnership for Agricultural Sustainability was formed with ten other water agencies to increase the chances for federal funding for ag customers. In December, a Regional Conservation Partnership Program (RCPP) grant was awarded for \$472,590 with another 50% in commitments for cash or in-kind services from the 10 partner agencies. The combined funding can be used for on-farm water use efficiency projects managed by MRCD.

Authorization legislative language was finally passed with S.612/P.L.114-322 "Water Infrastructure Improvements for the Nation Act" (WIIN). This allows VCMWD, and other agencies who have completed feasibility studies, to qualify to compete for Title XVI Design and Construction funding for reclamation projects once the feasibility study has been declared "feasible" by the Bureau of Reclamation (BOR).

A FY17 WaterSMART Feasibility Studies Funding Opportunity Announcement came out in October 2016. HGR began developing an application for VCMWD with staff and John Christopher refining a project scope. An application was submitted to the BOR January 5, 2017 for the Lower Moosa Canyon Water Reclamation Facility to evaluate the feasibility of reclaiming existing wastewater flows for beneficial use.

The new incoming Administration is expected to introduce an aging infrastructure bill; having them recognize water as "infrastructure" will be a priority for the next year.

3. Approval of Bureau of Reclamation WaterSMART Feasibility Study Grant Application:

As mentioned in the previous item, a funding application was submitted for a 50/50 grant (up to \$150,000) to prepare the Lower Moosa Canyon Wastewater Recycling, Reuse and Sub-Regional Brine Disposal Project Feasibility Study, reported District Engineer Grabbe. The application has specific requirements for a resolution from the Board in support of the grant application, authorizing \$170,000 in funding for the non-reclamation share of the study cost, identifying an official with legal authority to sign a financial agreement, and agreeing to work to meet established deadlines.

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The feasibility study will focus on the highest and best beneficial reuse of reclaimed water and is estimated to cost \$320,000. The District's funding portion would come from the LMCWRF Capital Replacement Reserve fund. If the feasibility study grant funding is not approved, staff would still like to move forward with the study to put the project in line for construction grant funding from the Bureau of Reclamation.

Evaluation of several project types will be done to determine the most beneficial solution. Each option being evaluated for beneficial reuse has its own specific challenges and include: agriculture (salinity, distribution); golf course irrigation (seasonal storage); and potable reuse (brine disposal, regulatory approvals). All options face construction funding source challenges along with the District's Spending Limit Ordinance.

A sub-regional brine disposal project will be evaluated and staff has received letters of support from Yuima, Rainbow, and Rincon del Diablo MWDs, along with Fallbrook PUD and the City of Escondido.

Funding for the feasibility study will cover planning and Master Plan expenses to date, cost evaluations, geotechnical studies for IPR, initial CEQA evaluations, submittals for regulatory approvals, coordination with other agencies, and preparation and submittal of the feasibility study for Reclamation approval.

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

RESOLUTION NO. 2017-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE VALLEY CENTER MUNICIPAL WATER DISTRICT
COMMITTING TO FINANCIAL AND LEGAL OBLIGATIONS ASSOCIATED WITH
BUREAU OF RECLAMATION GRANT APPLICATION FOR DEVELOPMENT
OF FEASIBILITY STUDIES UNDER THE TITLE XVI WATER RECLAMATION
AND REUSE PROGRAM FOR FISCAL YEAR 2017**

was adopted by the following vote, to wit:

AYES: Directors Polito, Aleshire, Haskell and Ferro

NOES: None

ABSENT: Broomell

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GENERAL MANAGER'S AGENDA

4. Pauma Valley Groundwater Basin – Groundwater Sustainability Agency Formation Status Report:

Since August 2015, VCMWD has been involved in the formation of the Pauma Valley Groundwater Basin Groundwater Sustainability Agency (PVGBGSA) in compliance with the Sustainable Groundwater Management Act (SGMA), reported General Manager Arant. All of the entities who filed as Groundwater Sustainability Agencies (GSAs), including VCMWD, have functioned as a Work Group focused on developing the local PVGBGSA Joint Powers Authority. The Center for Collaborative Process, under contract with DWR, has been assisting with this process for the last two months.

The SGMA timeline requires the final GSA entity to be in place by July 1, 2017, and the GSP developed and approved by DWR by January 31, 2022. As the largest land area public water agency in the basin, Yuima MWD had appropriately taken the administrative lead in the GSA formation process. However, with the retirement of Lori Johnson and a new permanent General Manager not yet appointed, time is running out. In addition, the current Work Group still has not agreed on even the most basic governance issues.

Most of the PVGBGSA participants have committed to covering the modest cost of forming the GSA (\$75,00 to \$100,000). However, the question of how the cost of developing the GSP (\$1.5 to \$2.0M over a three year period) has not been answered.

At the November 22, 2016 Work Group meeting, the County of San Diego offered to become the lead GSA and fund the cost of developing and initially implementing the GSP with future cost recovery from the local agencies. County staff conveyed they have provided budgetary consideration for doing the four GSA-GSPs in San Diego County (Borrego, Tijuana River Valley, San Diego River and Pauma Valley) and have just completed the Borrego Basin GSA-GSP Memorandum of Understanding.

Since VCMWD has less than 500 acres in the 13,000 acre basin, it would not be appropriate for the District to take the lead. The Work Group reached a unanimous consensus at its December 12, 2016 meeting to pursue the proposal by the County and develop an implementing MOU. District General Counsel has been provided a copy of the initial draft MOU for review. Staff recommended, and the Board concurred, to move forward with developing the MOU with the County for the PVGBGSA with a proviso that communication on the funding issues begin.

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5. Executive Order B-37-16, "Making Water Conservation a California Way of Life" Status Report:

An update on the current emergency regulations was provided by General Manager Arant. He will be attending a hearing in Sacramento tomorrow (January 18th) with the State Water Resources Control Board to consider whether or not to extend or change the emergency regulations. The message from the water agencies will be that the drought is over, let them expire.

The long term water shortage regulations draft report is finished; the final report is expected to be out the end of January. Once it goes to the Governor's office, legislation will be forthcoming to implement the regulations. Staff is involved with the State Board staff as well as an ACWA policy group to work on legislation.

Legislation on the agricultural side is more about making the reporting better and coming up with water balances and ag efficiencies. In contrast, the State wants to give out water budgets for the year for urban use.

This item will remain the central focus of the General Manager for the next few months. Several letters of comment from staff to the SWRCB, DWR, Senator Anderson and Assemblywoman Waldron were provided to the Board for information. Further updates will be provided as information is forthcoming.

6. Miscellaneous:

The Board was provided the District's December 2016 Status Report.

ADJOURNMENT

7. Upon motion by Aleshire, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 2:52 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on February 6, 2017