

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, February 6, 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 President Broomell at 2:00 P.M.

ROLL CALL

Board members present were: Directors Broomell, Polito, 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, Project Managers Williams and Carrillo, Safety and Regulatory Compliance Supervisor Olson, Manager of Accounting Velasquez and Executive Assistant Johnson. Spectators present were John Christopher – Louis Berger and David Ross – Roadrunner.

AGENDA CHANGE

Upon motion by Polito, seconded by Ferro and unanimously approved, item 10 on the agenda was moved up to follow the consent calendar.

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 January 17, 2017
- Audit demand check numbers 147693 through 147883 for January 6, 2017 through January 26, 2017
- Treasurer's Report for month ending December 31, 2016

ACTION AGENDA

2. Resolution Supporting SDCWA in Declaring an End to the Drought in San Diego County and Calling on Governor to End Statewide Drought Emergency:

The San Diego County Water Authority (SDCWA) Board of Directors, by Resolution 2017-01, declared an end to drought conditions in San Diego County on January 26, 2017. Staff has drafted Resolution No. 2017-02 in support of SDCWA's declaration and calls on Governor Brown to put an end to the statewide drought emergency and direct the State Water Resources Control Board (SWRCB) to allow the current Drought Emergency Urban Water Conservation Regulations to expire at the end of

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February. A request to adopt this resolution was presented by General Manager Arant.

The SWRCB wants to extend the emergency regulations despite all hydrology indications that this will be one of the wettest years on record. The credibility of the state and the local water agencies may be in jeopardy if the state extends the drought emergency, and calls for conservation efforts to future droughts will likely be ignored. If approved, this resolution will be presented to the SWRCB at their hearing on February 8, 2017.

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

RESOLUTION NO. 2017-02

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
IN SUPPORT OF THE SAN DIEGO COUNTY WATER AUTHORITY
DECLARING AN END TO THE DROUGHT IN SAN DIEGO COUNTY AND
REQUESTING GOVERNOR BROWN TO RESCIND THE CURRENT DROUGHT
EMERGENCY PROCLAMATION AND DIRECT THE
STATE WATER RESOURCES CONTROL BOARD TO ALLOW THE
CURRENT DROUGHT EMERGENCY URBAN WATER
CONSERVATION REGULATIONS TO EXPIRE**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Haskell and Ferro

NOES: None

ABSENT: Aleshire

3. Water and Wastewater Master Planning Update:

The master planning efforts for the water system, the Lower Moosa Canyon Water Reclamation Facility, and the Woods Valley Ranch Water Reclamation Facility was presented by District Engineer Grabbe. Once completed, these facility master plans will be included in the District's Integrated Water Resources Management Plan (IWRMP). The IWRMP will also address supplemental water supplies such as reclamation, groundwater, storm water runoff and indirect potable reuse.

The facility master plan will include a replacement planning model which will contain a list of significant assets, the installation date, replacement costs and a priority list for upgrades and/or expansion. Priority levels will be set for the next 5 years, in 5 to 10 years, in 10 to 20 years, and over 20 years.

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Capacity charge calculations will also be reviewed within the master plan. Previously, they have been based on expansion improvements required for new connections with the revenue only used for expansion projects. The buy-in approach, based on value, with revenue used for replacement, upgrades and expansion, will be considered.

The Water System Master Plan will evaluate the service life and maintenance requirements of the distribution system, reservoirs, and pumping facilities.

Woods Valley Ranch WRF Master Plan will be updated as part of the Phase 3 planning effort. Touchstone Communities has initiated the planning and Dexter Wilson has prepared a preliminary planning report for staff review. The onsite treatment facility plan will be updated by Dudek.

The Lower Moosa Canyon WRF Master Plan, being developed by Louis-Berger, was presented by John Christopher. Their plan will include upgrades and replacement projects, future capacity needs, a Title XVI Feasibility Study of beneficial reuse options, and sources of funds for current and future projects.

There are currently no direct methods to fund replacements and upgrades at Moosa. Adding a replacement reserve fund component in the rates was suggested for the future. Proposed construction upgrades for FY 17-18 are estimated at \$900,000.

4. Woods Valley Ranch Water Reclamation Facility Capacity Reservation Transfer Policy Proposal:

The proposed process for transferring wastewater capacity for the Woods Valley Ranch WRF was presented by District Engineer Grabbe. He conveyed that there are property owners wanting to put their capacity into a pool and other property owners wanting additional capacity. A policy for the legal transfer of capacity to eligible properties needs to be put in place.

The policy should clarify the following items:

- What capacity is allowed for transfer and whether it is treatment or collection capacity;
- Properties eligible to receive capacity;
- Legal requirements for transfer of capacity and assessment liens;
- When capacity transfer opportunities will be offered;
- The cost for additional capacity; and
- District reimbursement costs.

It is proposed that property owners releasing capacity would be reimbursed for their initial \$5,000 per EDU deposit, standby fees paid for fiscal years 14/15, 15/16 and 16/17 and the FY 16/17 AD 2012-1 Assessment for the base capacity and collection system capacity, if applicable. In addition to those reimbursements, the purchaser of additional capacity would pay an administrative fee for the District's time to implement the transfers (not including development of the policy).

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Staff recommends that property owners posting capacity and those receiving capacity should share equally in the Administrative Fee, which is estimated at \$250 per EDU. The final amount of the fee will be determined after the transfer requests have been submitted.

Any standby fees that were not assessed, or not paid by the releaser, would go to the Replacement Reserve. The collection portion of Assessment District 2012-1 funds not reimbursed to the releaser would go in the Debt Service Reserve.

The schedule to establish the policy is set up to be completed in time for the next County tax roll. A notice will be sent to property owners within the assessment district advising them that the policy will be presented to the board for approval on February 21st and requests for additional capacity or release of capacity must be received by March 15th. Following review of the transfer requests and payment of all fees, an amendment to the Engineer's Report, Resolution of Intention, Notice of Public Hearing and Assessment Ballot Materials will be prepared. A public hearing to approve revised assessments and capacity transfers is expected on June 19, followed by recording of the addendum. Thirty days after the public hearing, reimbursements would be disbursed to releasing property owners. The FY 2017-18 Tax Roll must be approved by the Board and submitted to the County no later than August 10, 2017.

Since there is a possibility of an imbalance between requested and available capacity, the priority will be first in – first out. First to request release – first to release; first to request additional capacity and fund costs – first to receive capacity. Funds received from excess requests will be reimbursed. Extra requests to release will be held on file until the next potential mid-year transfer.

5. Cool Valley Reservoir Liner and Cover Replacement Project Update:

An update on the status of the Cool Valley Reservoir Liner/Cover Replacement Project was presented by Project Manager Williams. Construction is underway by Layfield International and is estimated to be 60% complete at this time.

A geotextile material was first installed followed by an HDPE 60 mil. liner that was heat seamed in place. The CSPE cover material has been installed and is 45 mil. thick. The welds and seams are now being tested. Cover appurtenances are currently being installed and include hatches, stairs, floats, sand tubes and a depth gauge.

Once all the appurtenances are in place, the cover is aerated to allow any fumes to dissipate. Sections are then inflated to observe any pin holes from underneath the cover which are then marked for repair. At the same time, staff will be installing circulation piping. The interior is then washed down with fire hoses prior to filling the reservoir. A third party contractor will be brought in to complete the disinfection. After soaking for several days, water quality samples will be taken and tested. The reservoir is expected to be on line by April 12, 2017.

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After the reservoir is up and running, a storm water conveyance system and a rainwater removal system will be installed, SCADA improvements will be added, and A/C pavement restoration will begin. Coordination with residents in that area for additional repairs to Miller Road will also take place.

Funding for this project comes from a \$4.2M State Revolving Fund loan.

6. Retail Water Rate Research Project Proposal:

In discussions regarding long term water use efficiencies, state agencies prefer to have inclining, or budget based rates, reported General Manager Arant. This means the more you use the more expensive it is. VCMWD is one of 30-40 retail agencies across the state that has uniform block rates; and one of only three in San Diego County (Yuima and Ramona).

There is a deep seated belief among some that inclining block rates are more effective at achieving conservation even though two independent reviews of relative conservation performance over the last 18 months indicate that this may not be a sound assumption. A review by Mesa Water District (Costa Mesa, CA) during the period of June 2015 to February 2016 found that agencies with uniform rates were as, or more, effective in meeting or exceeding their respective conservation goals. A comparative conservation performance review by Gaby Olson, for her Public Administration Master's Degree project, indicated that uniform rates may be superior in certain circumstances and environments.

To strengthen the position of water agencies wanting to retain their uniform rates, ten agencies have committed to full participation in a broad-based research project by an outside independent source. The cost is estimated to be about \$5,000 per agency. Staff feels this research is timely and will be strategic in the upcoming process of developing and implementing the Long-term Water Use Efficiency Standards and Regulations, and recommends authorization to use up to \$6,500 for participation in the proposed Water Rate Research Proposal.

Upon motion from Polito, seconded by Haskell and unanimously carried, the Board authorized participation per staff's recommendation.

CLOSED SESSIONS

7. A closed session was called by President Broomell at 3:37 p.m. pursuant to:

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

Property: APN 129-200-09-00
Agency Negotiator: Jane Wiggans, Wiggans Group Inc./Gary Arant-VCMWD
Negotiating Parties: San Diego County Water Authority
Under Negotiation: Price and Terms

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RECONVENE:

The regular Board of Directors meeting reconvened at 3:50 p.m. There was no reportable action.

Due to a possible conflict of interest in the next agenda item, President Broomell turned the meeting over to Vice President Polito and excused himself from the Boardroom.

ACTION AGENDA (Continued)

8. Amendment to Professional Services Agreement with Wallace & Associates Consulting on the Woods Valley Ranch Water Reclamation Facility Expansion:

The District entered into a professional services agreement with Wallace & Associates to provide construction management and inspection services for the Woods Valley Ranch Water Reclamation Facility Phase 2 Expansion and Charlan Road Seasonal Storage projects in January 2015. The agreement was amended in March 2015 to include the South Village Collection System.

Contract extensions and weather delays have extended the project completion dates past those anticipated in the original proposal. An amendment to provide funds for construction management and inspection services through May 2017 is requested as follows:

Treatment Plant	\$120,000
Charlan Road	\$35,000
South Village Collection	<u>\$45,000</u>
Requested Amendment	\$200,000

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

RESOLUTION NO. 2017-03

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
APPROVING AMENDMENT NO. 2 TO WALLACE & ASSOCIATES CONSULTING,
INC.'S PROFESSIONAL SERVICES AGREEMENT FOR WOODS VALLEY RANCH
WATER RECLAMATION FACILITY EXPANSION PROJECT**

was adopted by the following vote, to wit:

AYES: Directors Polito, Haskell and Ferro

NOES: None

ABSENT: Aleshire and Broomell

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ADJOURNMENT

9. Upon motion by Haskell, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:59 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on February 21, 2017