

VALLEY CENTER MUNICIPAL WATER DISTRICT

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

ROLL CALL

Board members present were: Directors Broomell, Polito, Aleshire, and Ferro. Staff members present were: General Manager Arant, General Counsel de Sousa Mills, Director of Operations Hoyle, Finance Director Pugh, IT Director Pilve, District Engineer Grabbe, Safety and Regulatory Supervisor Olson, GIS/Engineering Services Supervisor Garcia and Executive Assistant Johnson. Spectators present were Maureen Stapleton – SDCWA, Peter Kuchinsky – JPIA, Jacqueline Howells – HGR, Meena Westford – MWD, and Dave Ross - Valley Roadrunner.

CONSENT CALENDAR

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

- Minutes of the Board meeting held March 20, 2017.
- Audit demand check numbers 148208 through 148441 for March 10, 2017 through April 6, 2017.
- Treasurer's Report for month ending February 28, 2017
- Board of Directors' request for per diem compensation and report of expense reimbursements per Government Code
- Quarterly report of employees' expense reimbursements for the quarter ended March 31, 2017

PRESENTATION

2. San Diego County Water Authority Presentation by Maureen Stapleton, General Manager:

A presentation on current issues was given by Maureen Stapleton, General Manager of the San Diego County Water Authority covering the following topics:

- Water supply reliability through investments in supply diversification;

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- California drought and historic drought cycles;
- Statewide water year runoff and record breaking precipitation;
- Governor Brown rescinded drought emergency and directed implementation of water use efficiency framework;
- Concerns over new water use targets, performance measures and unintended consequences;
- MWD Litigation on transportation overcharges are estimated at over \$537 million over 8 years;
- Superior Court ruled MWD's rates illegal and unconstitutional;
- Lower Court appeal filed; oral arguments expected May 10th;
- MWD financial practices under scrutiny by SDCWA; further concerns over their lack of transparency.

In closing, Ms. Stapleton requested VCMWD support their efforts in the MWD litigation, and to keep apprised of MWD's activities. She also asked the Board to consider adopting a resolution or letter of support for their continuing efforts.

A rebuttal to the presentation was given by Meena Westford of Metropolitan Water District claiming it mischaracterizes MWD's financial practices and investment decisions. She offered an open invitation to have MWD's General Manager come and discuss the important pressing water issues being faced.

ACTION AGENDA

3. ACWA-JPIA Refund of Rate Stabilization Fund:

The District received a refund check from the Joint Powers Insurance Authority in the amount of \$6,260, reported Ms. Olson. The amount of the JPIA refund check is determined by the performance of the JPIA pool and how much the District has received in insurance premium discounts.

Liability and Workers' Compensation claims over the last few years have raised insurance rates. Staff continues its mitigation efforts to reduce claims by replacing pour stone services, replacing hit fire hydrants with AVK flow guard hydrants, has adopted a no cell phone use policy while driving, and is currently evaluating individual trucks for installation of steps and handles.

Peter Kuchinsky of JPIA stated that Valley Center MWD is a model district to measure by and a leader in mitigation efforts.

4. Woods Valley Ranch Water Reclamation Facility Wastewater Capacity Reservation Transfer Opportunity Notification Results:

In February the Board was presented with a draft Wastewater Capacity Transfer Policy reported District Engineer Grabbe. Two separate letters were sent out; one to participants in AD 2012-1 asking if they wanted to put up excess capacity or obtain

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additional capacity; and one to property owners in the service area asking if they were interested in obtaining capacity. By the March 17th deadline, no requests to post excess capacity for transfer were received. However, there were nine property owners requesting a total of 26 EDUs of additional or new capacity.

Developers of the Park Circle project are interested in starting to plan for Phase 3. The requests for 26 EDUs could be incorporated into that expansion phase.

There are a few assessment district changes to be made before coming to the Board to set the assessment amount for 2017-18. Since memorializing the transfer policy in the Administrative Code will include dollar amounts, Mr. Grabbe stated he would wait until after the 2017-18 assessments are approved before submitting the transfer policy for adoption.

5. ACWA Bay-Delta Flow Requirements Policy; Resolution of Support:

The State Water Resources Control Board (SWRCB) is updating the San Francisco Bay, Sacramento, San Joaquin Delta Water Quality Control Plan, which includes setting flow requirements for the Delta. The current SWRCB proposal, conveyed General Manager Arant, is to set a fixed percentage of the flow into a river/Delta must also flow out and cannot be diverted regardless of the water quality or condition.

ACWA contends this is too simplistic and a scientifically based, negotiated process to set flow standards for each individual river or Delta area is needed. The ACWA Board has adopted a Policy on the Bay-Delta Flow Requirements and is asking all member agencies to adopt a resolution in support of their policy position.

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

RESOLUTION NO. 2017-15

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ADOPTED IN SUPPORT OF THE ASSOCIATION OF CALIFORNIA
WATER AGENCIES (ACWA) POLITY STATEMENT ON
SACRAMENTO-SAN JOAQUIN BAY-DELTA FLOW REQUIREMENTS**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire, and Ferro

NOES: None

ABSENT: Haskell

GENERAL MANAGER'S AGENDA

6. Executive Order B-40-17 Ending the Emergency Drought Declaration and Release of "Making Conservation a California Way of Life, Final Report:"

Governor Brown issued Executive Order B-40-17 ending the Emergency Drought Declaration and released the final report "Making Conservation a California Way of Life." This serves as the basis for establishing new long-term water use efficiency standards as well as Urban Water Supply Planning. Along with the final document, implementing language was proposed in Trailer Bill 810 which is to be considered and passed as part of the state's FY 2017-18 budget bill at the end of the legislative session. This approach clearly indicates the Administration's intent to push this legislation through without the opportunity for public and water community input.

The final framework report includes continued monthly water conservation reporting to the SWRCB, the drought water waste provisions will be made permanent, and enhanced water loss monitoring and reporting by outside consultants will be required. By 2020, new water loss performance standards will be implemented and each water agency will receive a water budget from the state. The budget will be based on 55/gallons per person/per day for internal use and an outside budget based on irrigated acreage by tree/crop type and when it was planted. The Commercial, Industrial and Institutional (CII) water budget is very concerning as the state may require separate meters for different uses. The new standards are expected to be in full force by 2026.

Also being updated are the Urban Water Management Plan requirements which will include a 5 year drought plan, a risk assessment, and a water shortage contingency plan with six response levels. It must also include a communication plan, a compliance and enforcement plan, appeals procedures, a financial plan for drought, a monitoring and reporting plan, and a reevaluation and improvement process every two years. The first UWMP with the new requirements will be due in 2021.

ACWA and its member agencies recently introduced competing legislation, AB 968 (Rubio) – Long Term Water Use Efficiency, AB 1323 (Weber) – Commercial, Industrial and Institutional Efficiency Standards, and AB 1654 (Rubio) – Urban Water Supply Planning. These bills seek a more deliberate, participative process to develop new efficiency and water supply planning standards as well as providing options for agency compliance. It is hoped that these three bills move through the committee policy process and are incorporated into Trailer Bill 810.

7. San Luis Rey Valley Groundwater Basin Groundwater Sustainability Agency – Final Staff Recommendation for VCMWD Participation:

To clarify, the Groundwater Basin has been referred to as both San Luis Rey Valley and Pauma Valley in previous discussions, conveyed Mr. Arant. DWR has not yet rendered its final decision on the bifurcation issue so the MOU with the County addresses the entire SLRVGB.

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Over the last several board meetings, staff has discussed the ongoing process of developing a MOU with the County of San Diego as lead agency in developing the Groundwater Sustainability Plan (GSP). Staff has also explained its concerns about liability exposure if it is a signatory to the MOU. Staff's view is that there is no significant value to the District by participating in the MOU because of its limited involvement.

Staff recommends taking preparatory steps to relinquish the District's GSA status in the SLRVGWB, identified as Basin 9-7 in DWR Bulletin 118, pending issuance of the final MOU by the County of San Diego or future formal Board action to withdraw GSA status. The District should continue to actively monitor and participate in related GSA meetings as an advisory agency. Formal action must be taken by July 1st.

Upon motion from Polito, seconded by Aleshire and unanimously carried, the Board of Directors approved staff's recommendation.

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

General Manager Arant reported that the SDCWA Board of Directors' Meeting of March 23, 2017 covered only general business activity items.

9. Miscellaneous:

The following miscellaneous items were reported:

- First connection to the South Village collection system made by V.C. Oil.
- North Village collection system, from Cole Grade to Lilac Road, is nearing final design and will go out to bid in mid-May.
- Cool Valley Reservoir is undergoing final water quality testing following the cover/liner installation. Staff will be meeting with some area residents to see if they want to participate in the paving portion.
- Requests received from schools for lead testing.

GENERAL COUNSEL AGENDA

10. General Counsel de Sousa Mills reported on Senate Bill 496 which modifies the indemnification and obligations of design professionals. This is a last minute gut and amend bill and will apply not only to public agency contracts with engineers, architects, landscapers, etc. but to all (public and private) and will take away the obligation of the design professional to indemnify public agencies. There is a call to action to amend this bill.

BOARD OF DIRECTORS AGENDA

11. Annual Review of Board Member Per Diem:

Per Board direction, the Board of Directors' per diem is reviewed annually for consideration of modification. Current law provides that the Board may increase its per diem amount by 5% for each calendar year since the last adjustment. The Board's last adjustment of the per diem was on February 16, 1993.

Upon motion by Aleshire, seconded by Polito and unanimously carried, the Board elected to retain its current \$100.00 per meeting per diem compensation.

12. Report of Board Member Attendance at Meetings:

Director Aleshire reported on his attendance at the California Water Policy Conference in San Diego April 6-7, 2017.

ADJOURNMENT

13. Upon motion by Aleshire, seconded by Ferro and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:55 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on May 1, 2017