

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, June 5, 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, 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, Project Manager Williams, GIS/Engineering Services Supervisor Garcia, Safety and Regulatory Compliance Supervisor Olson, Administrative Assistant Williams and Executive Assistant Johnson. Spectators present were: Jacqueline Howells – HGR, and students, teachers and family members of the poster contest entrants from Lilac and Valley Center Elementary.

CONSENT CALENDAR

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

- Minutes of the Board meeting held May 15, 2017
- Audit demand check numbers 148663 through 148832 for May 5 through May 25, 2017
- Treasurer's Report for month ended April 30, 2017
- Board of Directors' request for per diem compensation, reimbursement of expenses, and report of expenses
- Concept approval of the Ricks Ranch, LLC Waterline Extension Project

PRESENTATION

2. Fourth Grade Water Awareness Poster Contest – Presentation of Awards:

The fourth grade students from Valley Center Elementary and Lilac Elementary Schools who were top winners in the Water Awareness Poster Contest were welcomed by President Broomell, along with their principals, teachers, parents and siblings.

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Water Conservation Coordinator, Trish Garcia, reported that in addition to the poster contest the District had participated in the school's Ag Days and provides support for the Splash Lab and Green Machine at educational events.

The Water Awareness Poster Contest theme this year was "Be Water Smart." The District received approximately 100 entries from both elementary schools with the top 13 posters being recognized. All the participants were congratulated for their excellent work.

1 st Place	Caley Smith (Valley Center)
2 nd Place	Alfredo Rivera (Lilac)
3 rd Place	Kylie Young (Valley Center)

Honorable mentions were given to the following students:

Valley Center Elementary

Josiah Arguello
Allison Gesner
Kiera Latulippe
Jade Reden
Landon Reiche
Mariana Rocha
Viviana Vega

Lilac Elementary

Adriana Juan
Gavin Lopez
Adrian Sanders

The 2018 North County Water Agencies calendar will include the artwork of the top 3 winners.

PUBLIC HEARING

3. Public Hearing to Consider Adoption of Proposed Water Availability Charges for Fiscal Year 2017-2018:

President Broomell opened the public hearing at 2:14 p.m. to receive input on the proposed water availability charges for Fiscal Year 2017-2018 on all property within the District.

The District holds a public hearing annually to receive public testimony on the water availability charge of \$10 per acre with a \$10 per parcel minimum, reported Manager of Accounting Velasquez. This charge has been in place at the same rate since FY 1995-96. The availability charge will generate a dedicated source of revenue of approximately \$585,000 for fiscal year 2017-18 which will be used for ongoing capital requirements. The public hearing was posted, as required by law. No protests were received.

The public hearing was closed at 2:16 p.m.

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

ORDINANCE NO. 2017-01

**ORDINANCE OF THE BOARD OF DIRECTORS OF
VALLEY CENTER MUNICIPAL WATER DISTRICT
ESTABLISHING WATER AVAILABILITY CHARGES FOR
2017-2018 ON ALL PROPERTY WITHIN THE DISTRICT**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire, Haskell and Ferro
NOES: None
ABSENT: None

ACTION AGENDA

4. Adoption of Fixed Charge Special Assessment for Unpaid Water and Other Services:

Adoption of Ordinance No. 2017-02 to set the FY 2017-2018 fixed charge special assessment for unpaid charges for water and other services, was requested by Manager of Accounting Velasquez.

The Water Code authorizes the District to add delinquent and unpaid charges for water and other services to the property taxes of the property using the water or service. Delinquencies must be unpaid for at least 60 days and have a lien recorded against the property before going on the tax roll. There are currently six parcels with delinquencies totaling \$31,747.80 eligible to go on the tax roll for 2017-2018.

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

ORDINANCE NO. 2017-02

**ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER MUNICIPAL
WATER DISTRICT PLACING FIXED CHARGE SPECIAL ASSESSMENTS FOR 2017-
2018 ON PROPERTY FOR UNPAID CHARGES FOR WATER AND OTHER
SERVICES PURSUANT TO WATER CODE SECTIONS 72094, 72100, 72102 ON THE
SAN DIEGO COUNTY SECURED PROPERTY TAX ROLL**

was adopted by the following vote, to wit:

AYES: Directors Broomell, Polito, Aleshire, Haskell and Ferro
NOES: None
ABSENT: None

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5. Hearing Date for Woods Valley Ranch Annual Sewer Service Charge and Sewer Standby Fee (Services Areas 1 and 2), Annual Assessment for Assessment District 2012-1, and Annual Grinder Pump Maintenance Charge (Service Area 2):

A public hearing date to receive input and consider the Woods Valley Ranch Annual Sewer Service Charge and Sewer Standby Fee (Service Areas 1 and 2), the annual assessment for Assessment District 2012-1, and the annual Woods Valley Ranch Grinder Pump Maintenance Charge (Service Area 2) to be collected on the tax roll was requested by Manager of Accounting Velasquez.

Upon motion by Polito, seconded by Ferro and unanimously carried, the public hearing date was set for Monday, July 17, 2017 at 2:00 p.m.

6. Updated Revenue and Expense Projections for the Proposed FY 2017-2018 Budget:

Since the board meeting of May 15th, a number of the revenue and expense projections for the FY 2017-18 budget have been revised, reported Finance Director Pugh. The updates include information received from the Water Authority on the proposed rates they will be considering on June 22, 2017.

The previous projection for the District's 2018 water rates showed an increase of 3.8% for domestic and a 4.1% increase for TSAWR customers. With the new information, the rates have been recalculated at 3.3% and 3.6% respectively. These figures include the proposed 5% increase to the local commodity rate.

In addition, after fine tuning the capital projects, a change in the Participation, Upsizing and Unspecified Replacement Projects increased that budget from \$135,000 to \$225,000 and \$50,000 was added for an Asset Management System.

Wastewater capital improvements for Moosa were budgeted at \$200,000 which was determined to have been previously approved by the Board for FY 2016-17. The total increase for the Moosa budget is now \$50,000.

Woods Valley Ranch projections included \$120,000 for Nitrogen/Ammonia Sensors. This has been increased to \$125,000.

The FY 2017-2018 budget will be presented for possible adoption on June 19, 2017.

GENERAL MANAGER'S AGENDA

7. Update on Current Developer Projects in Review:

The status of major development projects currently under review was provided by District Engineer Grabbe.

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- 18 Projects Currently Inactive
- 2 Construction Projects on Hold
- 2 Projects in Plan Check
- 8 Pending Concept Approval

8. Resolution in Support of the SDCWA's Rate Litigation and Efforts at MWD:

At the regular meeting of May 15, 2017, the Board once again deliberated on the request from SDCWA to adopt a resolution in support of its ongoing rate litigation with MWD, as well as efforts and activities of the SDCWA/MWD Delegates in representing the Water Authority and San Diego's interests. Based upon Board discussion and input to staff, the draft resolution was again modified to its current form.

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

RESOLUTION NO. 2017-18

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY'S
LONG TERM WATER SUPPLY PLAN AND LITIGATION AGAINST
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

was adopted by the following vote, to wit:

- AYES: Directors Broomell, Polito, Aleshire, Haskell and Ferro**
- NOES: None**
- ABSENT: None**

9. Resolution Withdrawing GSA Status Over San Luis Rey River Valley Groundwater Basin and Rescission of Resolution No. 2016-16:

The formation process of the San Luis Rey River Valley/Pauma Valley Groundwater Basin Groundwater Sustainability Agency (GSA) has been reported on by staff over the last several months. Staff has expressed concerns over executing an MOU with the County of San Diego and other local agencies to form a joint GSA, given the:

- County of San Diego's position on indemnification and liability;
- VCMWD's very limited presence in the basin;
- Fact that the District takes no water from the basin; and
- Degree of potential legal and financial exposure for the District.

Staff recommends relinquishing its GSA status with adoption of Resolution No. 2017-19 and rescinding Resolution No. 2016-16.

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

RESOLUTION NO. 2017-19

**RESOLUTION OF THE BOARD OF DIRECTORS
OF VALLEY CENTER MUNICIPAL WATER DISTRICT
ELECTING TO WITHDRAW AS A GROUNDWATER SUSTAINABILITY
AGENCY FOR THE SAN LUIS REY VALLEY GROUNDWATER BASIN
(DWR BASIN 9-7)**

was adopted by the following vote, to wit:

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

NOES: None

ABSENT: None

10. 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 May 25, 2017:

- Equipment purchased for the Carlsbad Desal Plant has been determined to be eligible for sales tax exemption. The Project may be receiving \$12 to \$15M in tax reimbursements.
- The pipeline to connect the Desal plant to the Twin Oaks Plant is being refinanced at a savings of \$15 to \$20M over the life of the bonds.
- The Appellate hearing on the rate litigation was held in May. Some of the comments appeared to not support SDCWA's position on the transportation rate. A decision is expected by early August.

11. Miscellaneous:

Director of Operations Hoyle reported that May was a busy month for leaks.

GENERAL COUNCIL

- 12.** General Counsel de Sousa Mills reported that the wireless telecommunication companies have been trying to ratchet down the amount of authority local agencies can have in a variety of contexts. A bill is going through the legislature to allow cell companies to put small cell facilities on poles or other property owned by cities and counties, and restricting what could be charged for use of the property. There are also two notices of inquiry going on at the FCC from special interest groups. BBK is forming a coalition to fight the proposed changes.

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CLOSED SESSION

13. A closed session was called by President Broomell at 3:14 p.m. pursuant to:

- **Government Code § 54956.9(d)(1) – Conference with Legal Counsel, Existing Litigation:**

Case Name: Terrance J. Donahue, Chapter 7 Trustee for Western Industrial, Inc., dba West Industrial Painting, Inc. v. Valley Center Municipal Water District San Diego County Superior Court Case No. 37-2016-00039724-CU-BC-NC.

- **Government Code §54957 – Public Employee Performance Evaluation: General Manager**

- **Government Code §54957.6 – Conference with Labor Negotiators:**

Agency Designated Representatives:	Board of Directors
Unrepresented Employee:	General Manager

RECONVENE

14. The regular Board of Directors meeting reconvened at 3:47 p.m. There was no reportable action.

ADJOURNMENT

15. Upon motion by Aleshire, seconded by Polito and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:48 p.m.

ATTEST:

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President

Secretary

Approved at a Regular Meeting of the Board of Directors on June 19, 2017