

VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting
Monday, July 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, 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, Safety and Regulatory Compliance Supervisor Olson and Executive Assistant Johnson. Spectators present were: Jacqueline Howells – HGR.

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 June 19, 2017.
- Audit demand check numbers 148944 through 149135 for June 9 through June 29, 2017 and wire disbursements for June 2017
- Treasurer's Report for month ended May 31, 2017.
- Quarterly report of employees' expense reimbursements for the quarter ending June 30, 2017.

PUBLIC HEARING

2. Public Hearings to Consider Adoption of the Annual Sewer Service Charges and Standby Fees for the Woods Valley Sewer Service Area for FY 2017-18:

Five separate public hearings will be held to take action on the following Woods Valley Sewer Service Area Fees and Charges:

- Service Area 1 Sewer Service Charge
- Service Area 1 Sewer Standby Fee
- Service Area 2 Sewer Service Charge
- Service Area 2 Grinder Pump Maintenance Charge
- Service Area 2 Sewer Standby Fee

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Service Area 1 encompasses the 270 lot Woods Valley Ranch Subdivision and Golf Course with a total capacity demand of 280 Equivalent Dwelling Units (EDUs). Service Area 2 consists of the parcels participating in the Woods Valley Ranch Wastewater Expansion Project, with a total capacity demand of 1,095 EDUs.

Sewer Service Charges provide for the operation, maintenance and ultimate replacement of the District owned and operated collection, treatment and seasonal storage facilities. It is levied on those properties connected to the wastewater collection system as of July 1, 2017.

Sewer Standby Fees are levied on, and maintain the capacity reservation for, those parcels in the service area that have a capacity reservation but are not connected to the system. The standby fee levy provides for a contribution to the replacement reserves, a portion of the fixed operation and maintenance costs and a small portion of the variable operating costs, as required, to maintain the capacity reservation in the system.

Grinder Pump Maintenance Fees provide funding for the maintenance of the on-site private grinder pump, including emergency call out and repair services, and are levied on those parcels in Service Area 2 with a grinder pump.

The first public hearing was opened by President Broomell at 2:14 p.m. to receive input on the Woods Valley Service Area 1, Sewer Service Charge.

District Engineer Grabbe recommended maintaining the current rate of \$1,183.20 annually per EDU for Service Area 1 and collecting it as a fixed charge special assessment on the tax roll. No written or oral protests were received.

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

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

ORDINANCE NO. 2017-04

ORDINANCE OF THE OF THE BOARD OF DIRECTORS OF THE VALLEY CENTER MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY SERVICE AREA SEWER SERVICE CHARGE ASSESSMENT FOR FY 2017-2018 ON PROPERTY WITHIN THE WOODS VALLEY SEWER SERVICE AREA 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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A public hearing was opened by President Broomell at 2:16 p.m. to receive input on the Woods Valley Service Area 1, Sewer Standby Fee.

District Engineer Grabbe recommended reducing the sewer standby fee for Service Area 1, which has only one remaining unconnected parcel, to \$550.32 per EDU annually, the same fee as Service Area 2. This fee is to be collected as a fixed charge special assessment on the tax roll. No written or oral protests were received.

The public hearing was closed at 2:18 p.m.

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

ORDINANCE NO. 2017-05

**ORDINANCE OF THE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY SERVICE AREA
SEWER STANDBY FEE ASSESSMENT FOR FISCAL YEAR 2017-2018 ON
PROPERTY WITHIN THE WOODS VALLEY SEWER SERVICE AREA
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

A public hearing was opened by President Broomell at 2:19 p.m. to receive input on the Woods Valley Ranch WRF Service Area 2, Sewer Service Charge.

District Engineer Grabbe recommended maintaining the current annual sewer service charge of \$1,183.20 per EDU for Service Area 2 and collecting it as a fixed charge special assessment on the tax roll. Any mid-year connections will be prorated and collected on the monthly water bill. No written or oral protests were received.

The public hearing was closed at 2:23 p.m.

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

ORDINANCE NO. 2017-06

**ORDINANCE OF THE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH WATER
RECLAMATION FACILITY SERVICE AREA 2 SEWER SERVICE CHARGE
ASSESSMENT FOR FISCAL YEAR 2017-2018 ON PROPERTY WITHIN THE
WOODS VALLEY RANCH WATER RECLAMATION FACILITY SERVICE AREA 2
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

A public hearing was opened by President Broomell at 2:24 p.m. to receive input on the Woods Valley Ranch WRF Service Area 2, Grinder Pump Maintenance Charge.

District Engineer Grabbe recommended increasing the charge to be consistent with the Low Pressure Maintenance Charge for customers receiving the same service at Moosa. The increase is from \$483.00/EDU to \$532.32/EDU annually and collected as a fixed charge special assessment on the tax roll. Any mid-year connections will be prorated and collected on the monthly water bill. No written or oral protests were received.

The public hearing was closed at 2:31 p.m.

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

ORDINANCE NO. 2017-07

**ORDINANCE OF THE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH WATER
RECLAMATION FACILITY SERVICE AREA 2 GRINDER PUMP MAINTENANCE
CHARGE ASSESSMENT FOR FISCAL YEAR 2017-2018 ON PROPERTY WITHIN
THE WOODS VALLEY RANCH WATER RECLAMATION FACILITY SERVICE
AREA 2 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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A public hearing was opened by President Broomell at 2:32 p.m. to receive input on the Woods Valley Ranch WRF Service Area 2, Sewer Standby Fee.

District Engineer Grabbe recommended maintaining the current annual sewer standby fee of \$550.32 per EDU to be collected as a fixed charge special assessment on the tax roll. No written or oral protests were received.

The public hearing was closed at 2:33 p.m.

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

ORDINANCE NO. 2017-08

**ORDINANCE OF THE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING THE WOODS VALLEY RANCH WATER
RECLAMATION FACILITY SERVICE AREA 2 SEWER STANDBY FEE
ASSESSMENT FOR FISCAL YEAR 2017-2018 ON PROPERTY WITHIN THE
WOODS VALLEY RANCH WATER RECLAMATION FACILITY SERVICE
AREA 2 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

ACTION AGENDA

3. Ordinance Setting FY 2017-2018 Annual Assessments for the Woods Valley Ranch Wastewater Expansion Project, Assessment District 2012-1:

Approval of annual assessments for properties in Assessment District 2012-1 was presented by District Engineer Grabbe for fiscal year 2017-2018. This assessment is for the payment of debt service for the State Revolving Fund Loan secured to pay for the Woods Valley Ranch Expansion construction costs. This fixed charge special assessment will be levied on the tax roll and is recommended to remain the same as last year since the project's total loan amounts have not yet been finalized.

The assessment roll includes five minor modifications that have been requested by property owner participants in the assessment district. These modifications do not adversely affect the project or the overall value to lien ratios.

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

ORDINANCE NO. 2017-09

**ORDINANCE OF THE BOARD OF DIRECTORS OF VALLEY CENTER
MUNICIPAL WATER DISTRICT PLACING FIXED CHARGE SPECIAL
ASSESSMENTS FOR FISCAL YEAR 2017-2018 ON PROPERTY WITHIN
ASSESSMENT DISTRICT NO. 2012-1 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

4. Woods Valley Ranch Phase 3 Expansion Planning Efforts Update:

Staff has been approached by three Developers indicating their need for additional wastewater capacity in the range of 600 to 900 EDUs in order to complete their county entitlements, reported Mr. Grabbe.

Even though the plant is currently being underutilized, that committed capacity cannot be used for the proposed developments until another expansion phase is planned, all discretionary approvals and permits obtained, and an irrevocable financial security is provided.

The Developers have been invited to present a financial plan proposal to the Board that will meet the District's requirements and address concerns. Following their presentation, the District's financial advisors will review the proposal and provide the advice needed for the Board to make an informed decision at a future 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 June 22, 2017:

- The Water Authority adopted its rates and charges for 2018 which included a 3.7% water rate increase (3.3% net retail increase to the District).
- A cost sharing agreement with the City of San Diego for the next phase of the San Vicente Energy Storage Facility Study was authorized to evaluate proposals from service providers for the 500 megawatt pump storage project.
- Board approved \$7.1M to continue litigation with Metropolitan for appeal to the State Supreme Court.

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6. Miscellaneous:

General Manager Arant reported on the following miscellaneous items:

- Water sales for FY 2016-17 are about 900 acre feet less than the projected amount of 20,000.

GENERAL COUNCIL

7. General Counsel de Sousa Mills reported on the following item:

- Competing Assembly Bills 1654 (Rubio) and 1668 (Friedman), dealing with "Making Water Conservation a California Way of Life," have been gutted and released from the Senate Natural Resources Committee as SB 606 (Skinner and Hertzberg).

BOARD OF DIRECTORS

8. Support for Assembly Bill 1361 (Garcia/Waldrón) – Water Service for Tribal Lands:

Last year, the Sycuan Band sought and secured passage of AB 2470 (Gonzalez) which provides for "virtual" annexation to a retail public water agency, the SDCWA and MWD, without the tribe possibly giving up its sovereignty. More recently, Assembly Member Waldrón authored AB 892 for the Rincon Band which has now been amended into AB 1361, and would do the same for all tribal lands within California.

This bill would give each agency the discretion to extend, or not extend, service to tribal lands seeking service without requiring an annexation while still setting all the necessary terms and conditions and requiring payment of all the fees.

With the District's proximity to several tribal reservations and the recent settlement of the longstanding Indian Water Rights Litigation, there could be a number of opportunities for the District to extend water service. This could be a financial benefit to the District's service area and customers without negatively impacting access to the sufficient water supplies. Staff recommends providing a letter of support of AB 1361.

Upon motion by Aleshire, seconded by Polito and unanimously carried, the Board approved sending a letter of support for AB 1361.

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ADJOURNMENT

9. Upon motion by Aleshire, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:21 p.m.

ATTEST:

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President

Secretary

Approved at a regular meeting of the Board of Directors on August 7, 2017