

# VALLEY CENTER MUNICIPAL WATER DISTRICT

Regular Board Meeting  
Monday, August 7, 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 Gilpin, District Engineer Grabbe, Finance Director Pugh, IT Director Pilve, Construction/Maintenance Supervisor Lovelady, Manager of Accounting Velasquez, Safety and Regulatory Compliance Supervisor Olson, Project Manager Williams and Executive Assistant Johnson. Spectators present were: Dexter Wilson and Kerry Garza – Touchstone Communities, and David Ross – Roadrunner Newspaper.

## **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 July 17, 2017.
- Audit demand check numbers 149136 through 149405 for June 30 through July 27, 2017
- Treasurer's Report for month ended June 30, 2017.
- Concept approval of the Bell Holdings, LLC Tractor Supply Project.
- Concept approval of Roberts Circle P Subdivision, TM 5468.

## **PRESENTATION:**

### **2. Touchstone Communities Presentation of Proposed Projects and Request for District to Sponsor a Community Facilities District (CFD) for Funding Wastewater Capacity from a Woods Valley Ranch Phase 3 Expansion Project:**

A presentation was provided by Kerry Garza of Touchstone Communities on their three proposed projects (Orchard Run, Park Circle and Shady Oak) and the benefits to the District of forming a CFD to fund a Phase 3 Expansion to the Woods Valley Ranch Wastewater Treatment Plant.

**Valley Center Municipal Water District  
Board of Directors' Meeting**

A Community Facilities District special tax can be levied in advance of any bond debt or loan to repay, reported Mr. Garza; whereas an Assessment District (A.D.) cannot. This would allow for an accumulation of Pay-Go funds before the debt is incurred, securing the third phase before it is actually needed.

Establishing a CFD is more flexible and only requires a "general benefit" analysis compared to an A.D.'s "direct special benefit" analysis. The CDF tax also provides that larger, more valuable, homes pay proportionally more taxes than a smaller home; whereas A.D.s are based on equal benefit.

Touchstone currently has 319.5 EDUs of reserved capacity for their three projects and requires an additional 397.5 EDUs in capacity commitments (717 total) before the County will approve the projects. Touchstone proposes to place a new CFD on all three projects as soon as possible. The CFD is expected to collect \$1,258,279 annually at build-out and will pay for the sewage treatment, collection system and wet weather storage for all 717 EDUs, and replace the A.D. 2012-1 \$501,287 annual assessment currently existing on a portion of the project.

Fifty two of the home sites are required to meet affordable housing criteria and, in order to meet this, would have no CFD special tax on their property. All the other EDUs in the three projects will proportionally make up for the CFD costs on these homes.

Staff will evaluate the proposed plan with its legal experts to determine if the CFD is a viable option and will return to the Board with its conclusions for possible action at a future meeting.

**ACTION AGENDA**

**3. Extension of Water Service Agreement with San Pasqual Band of Mission Indians:**

This item was deferred until the letter of approval is received from Metropolitan Water District.

**GENERAL MANAGER'S AGENDA**

**4. Making Water Conservation a California Way of Life, Long-Term Water Use Efficiency Legislation Update:**

A written summary of the various Assembly Bills affecting water agencies was provided to the Board. General Manager Arant reported that things are changing rapidly in Sacramento and what was sent out in the board package is passé.

Mr. Arant attended a meeting in Sacramento August 2<sup>nd</sup> with representatives of the Senate Natural Resources & Water Committee who provided an outline of several new goals they want to accomplish during this legislative session. Among other

## **Valley Center Municipal Water District Board of Directors' Meeting**

changes was one to include wholesale agencies in water loss monitoring and reporting.

More information will be provided as it becomes available.

### **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 July 27, 2017:

- The Water Authority took action on portions of its annexation policy to provide revisions to the fee structure.
- A construction contract was awarded to L.H. Woods & Sons, Inc. for \$28,570,000 for the Pipeline 3 Relining, Lake Murray to Sweetwater Reservoir.
- A petition was filed with the State Supreme Court for an appeal to the rate case with Metropolitan.

## **GENERAL COUNCIL**

### **6. General Counsel Gilpin reported on the following Supreme Court Decision:**

- A consultant or independent contractor working for a public agency who has the ability to affect subsequent contracts can be considered an "Employee" subject to Government Code § 1090. This will affect the FPPC form 700 filing and require including them in the agency's Conflict of Interest Code.

## **BOARD OF DIRECTORS**

### **7. ACWA Committee Participation for 2018 and 2019:**

The current two-year term is drawing to a close and ACWA is in the process of preparing for calendar years 2018 and 2019 for its 12 standing committees. Currently, the District's ACWA Committee involvement is as follows:

Gary Arant: Chair, Energy Committee; Member of ACWA Executive Committee and Board of Directors; and Member of the Local Government Committee.

Jacqueline Howells: Member of the Federal Affairs Committee

This Board was asked if any of its members would like to be nominated for any of the standing committees and requested approval for Mr. Arant and Ms. Howells to continue their involvement. Nominations will be accepted until September 29, 2017.

**Upon motion by Aleshire, seconded by Ferro and unanimously carried, the Board approved extending the current participation in ACWA Committees.**

**Valley Center Municipal Water District  
Board of Directors' Meeting**

**8. General Counsel Hourly Rate Increase Effective July 1, 2017:**

Per the District's Agreement for General Counsel Services of January 1, 2014, Best, Best & Krieger's hourly rates are adjusted each year on July 1 based on the San Diego Consumer Price Index. The CPI increased 2% over last year.

**Upon motion by Aleshire, seconded by Haskell and unanimously carried, the rate increase for Best, Best & Krieger effective July 1, 2017 was approved.**

**CLOSED SESSION:**

**9. A closed session was called by President Broomell at 3:22 p.m. pursuant to:**

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

Property:	APN: 188-240-78
Agency Negotiator:	Gary Arant – VCMWD
Property Negotiator:	Darcy La Hay – VC Parks and Rec. District
Under Consideration:	Price and Terms

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

Property:	APN: 188-240-31
Agency Negotiators:	Gary Arant – VCMWD
Property Negotiator:	Executor, Jill G. Anderson Living Trust
Under Consideration:	Price and Terms

**• Government Code §54956.9(d)(2) – Conference with Legal Counsel, Potential Litigation. Number of cases: one**

**RECONVENE**

**10. The regular Board of Directors meeting reconvened at 3:43 p.m. There was no reportable action.**

**ADJOURNMENT**

**11. Upon motion by Aleshire, seconded by Haskell and unanimously carried, the regular meeting of the Board of Directors was adjourned at 3:43 p.m.**

**ATTEST:**

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**President**

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**Secretary**

**Approved at a regular meeting of the Board of Directors on August 21, 2017**